HIF HARROGATE INTEGRATED FACILITIES
Taking Pride in our Services

NHS
Harrogate and District
NHS Foundation Trust

## Harrogate and District NHS Foundation Trust

# Annual Report and Accounts

## 1 April 23 - 31 March 24

teamHDFT
At our best

# HARROGATE AND DISTRICT NHS FOUNDATION TRUST

## Annual Report and Accounts

## 1 April 2023 to 31 March 2024

**Presented to Parliament pursuant to Schedule 7 paragraph 25 (4) (a) of the National Health Service Act 2006**

# Overview

This section introduces the work of Harrogate and District NHS Foundation Trust (HDFT). It sets out our Vision, Values and Strategy and highlights some of our strategic developments and achievements of the 2023-24 financial year.

## HDFT's Chair's Welcome and Statement

Thank you for taking the time to read our Annual Report. It has been another busy period, and we have much to share. I hope this will be of interest to you and thank you again for your continued engagement in our work.

We have continued to work towards the delivery of our five-year strategy. I am very proud that we have also introduced a continuous improvement approach to focus our efforts. At the heart of our strategy is the care we provide, and we are committed to delivering the best care possible, now and in the future.

We can only do that with the help of all of our outstanding colleagues. I want to recognise their engagement in this and say thank you to every colleague who has worked tirelessly over the last year to provide the best care possible. They continue to respond and adapt to change - especially over a busy and challenging year. They have done this with the commitment to our values of kindness, integrity, teamwork and with equality to our patients and service users, and to one another.

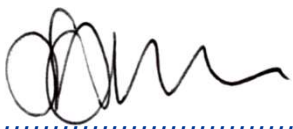
Again, I am particularly pleased to see the positivity of our culture displayed in our recent NHS Staff Survey. This shows our continued journey to improving the colleague experience, and we know this has a direct and positive impact on the care we provide.

Of course, there is more to do. There is always more! But we have focus, commitment, and care. As we approach an extremely challenging year, we have the tools in place to help us navigate it.

However, we cannot deliver our work in isolation, and I want to recognise the work of our partners including other NHS Trusts, independent providers, local authorities, charities and the voluntary and community sector. Collaboration continues to remain a very important part of our work and I am so grateful for their support, experience and commitment to working together to deliver the best and safest care for our communities.

Finally, I would like to recognise the work of the HDFT board. I would like to thank my Executive Director, Non-executive Director and Associate Non-executive Director colleagues for the commitment and dedication they have shown across the year. I believe HDFT would not be the organisation it is without their leadership. Our Governors have also played a crucial role in ensuring we keep our focus, and I would like to say thank you to each and every one of them; they continue to give their time, energy and ideas freely and we are most grateful.

Despite the challenges, I look forward to the year ahead. We will continue to keep our focus on what matters for our patients and service users and their loved ones. We will continue to build on the progress we have made in this year and embed our programme of continuous improvement. I will look forward to sharing more about that next time.



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**Sarah Armstrong**
**Chair**
**Harrogate and District NHS Foundation Trust**

## A Message from Jonathan Coulter, HDFT Chief Executive

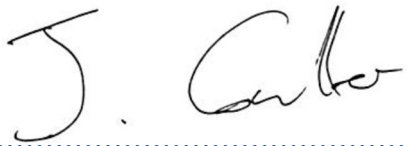
As I look back and reflect upon the year that was 2023/24, I am struck by the contrast between the regular description of the NHS, which often references the many challenges and difficulties facing the service, and my experience talking to colleagues and seeing the amazing things that are delivered each and every day across Harrogate and District NHS Foundation Trust (HDFT). This is not to underplay the challenges that we have – the CoVid pandemic has left us a legacy of long waiting times, mental health concerns, increased safeguarding levels, and longer lasting issues across society as a whole – however, at HDFT, we continue to deliver care and support to the wide population we serve across Yorkshire and the North East, when people need it the most.

I won't be able to do justice to the many achievements of our teams in 2023/24, but to highlight a few, we have nobody waiting over 65 weeks on an elective pathway, our cancer service delivery has improved, we exceeded the standards set across all areas of our 0-19 children's public health services, we met the national standard for care in our Emergency Department in March 2024, we've introduced new services such as our urgent community response and virtual ward services, and we've delivered a reduction in patient falls and pressure ulcers. We've also upgraded our facilities and are on track to implement a new Electronic Patient Record, which will further improve services across the Trust.

The most important thing for me though is the wellbeing of our colleagues, because we know that having an engaged and happy workforce delivers better patient outcomes. It was really pleasing therefore to receive the very positive results of our national staff survey for 2023/24. When we ask colleagues how we can improve their working lives, it is straightforward – we need people here, we need a decent working environment, and we need to appreciate and thank colleagues for the work that is done each day. It is great therefore to be able to say that we have more staff working for HDFT than ever before and that our services have better staffing levels than last year. It is great also to be able to say that we continue to look to improve the working environment for many colleagues. And it is great to be able to use this opportunity again to give my thanks to all 5,000 people who work together in the team that is HDFT.

We know across all colleagues and services, from Wakefield to Northumberland, from Scarborough to Skipton, in Harrogate and Ripon hospitals, and in all of the communities that we serve, that what we do contributes to the most important thing that there is – improving health. And whilst we know that there are always challenges in delivering the level of care and support that we would want to provide every day, with the commitment of colleagues in HDFT, working alongside our partners across our wide geographic area, I am positive and optimistic for the future of the NHS in general and HDFT in particular.

Thank you.



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**Jonathan Coulter**
**Chief Executive**
**Harrogate and District NHS Foundation Trust**

# About Us

**Harrogate and District NHS Foundation Trust** (HDFT) was founded under the Health and Social Care (Community Health and Standards) Act 2003 and authorised as an NHS Foundation Trust from 1 January 2005.

HDFT is the principal provider of hospital services to the population of Harrogate and the surrounding district, and also provides services to North and West Leeds. In total this covers a catchment population for the acute hospital of approximately 316,000 people. In addition, the Trust provides some community services across North Yorkshire (with a population of 621,000 people) and provides Children's and Young People's Public Health Services between birth and 19 (or in some cases 25) years of age in North Yorkshire, County Durham, Darlington, Middlesbrough, Stockton-On-Tees, Sunderland, Gateshead, Northumberland and Wakefield. The Trust's Children's Public Health Services look after almost 600,000 children across these localities.

## Our Acute Services

Harrogate District Hospital has:

- An Emergency Department;
- Extensive outpatient facilities;
- An Intensive Therapy Unit and a High Dependency Unit;
- A Coronary Care Unit;
- Five main theatres and a Day Surgery Unit with three further theatres;
- The Hospital provides emergency, urgent, outpatients, day case and inpatient services across a comprehensive range of medical and surgical specialties;
- The Sir Robert Ogden Macmillan Centre (SROMC) provides assessment, diagnosis and treatment for patients with cancer;


- Dedicated purpose-built facilities are also provided on site for Cardiology, Endoscopy, Pathology, Pharmacy, Imaging and Therapy Services, as well as a Child Development Centre, Stroke Ward and Women's Unit, and
- The Trust provides Maternity Services with an Antenatal Unit, Central Delivery Suite, Special Care Baby Unit (SCBU) and Post Natal ward, together with an Early Pregnancy Assessment Unit.

Ripon Community Hospital has:

- An inpatient rehabilitation ward;
- Minor injuries unit;
- A community diagnostics centre offering x-ray, ultrasound, echo cardiology, audiology, various cardia and respiratory tests and phlebotomy; and
- It also provides a base for the integrated health and social care Community Care Team and community midwifery services in the Leon Smallwood unit.

HDFT also acts as the first contact for access to more specialist services through alliance-based working with neighbouring hospitals. These extended services are provided by visiting consultants, or alternatively by the patient travelling to hospitals in York or Leeds.

The range of hospital services that are provided in partnership with York and Scarborough Teaching Hospital NHS Foundation Trust (YSTHFT) include Breast and Cervical Screening, Dermatology, Ear Nose and Throat (ENT), Neurophysiology, Non-Surgical Oncology, Ophthalmology, Oral and Maxillofacial Surgery, Orthodontics, Renal Medicine, Rheumatology, Urology, and Vascular. An outpatient renal dialysis unit is provided at a facility on the Harrogate District Hospital site, managed by YSTHFT.

In addition, HDFT has a number of established clinical links with the Leeds Teaching Hospitals NHS Trust (LTHT). These include care for Coronary Heart Disease, Plastic Surgery, Specialist Paediatrics, visiting consultants providing additional support to HDFT's own Neurology service and access to specialist Cancer Services. Links have also been strengthened with commissioners in Leeds, providing further services in Orthopaedics and General Surgery and an outpatient clinic for ENT services at Chapeltown Health Centre.

Additional outpatient outreach clinics are held at:

- Wetherby Primary Care Centre and Yeadon Health Centre for the specialities of Dermatology, Gastroenterology, General Surgery, Gynaecology, Maternity, Neurology, Paediatrics, Respiratory, Rheumatology, Urology, and Vascular clinics.
- Alwoodley Medical Centre which includes clinics for the specialties of Endocrinology, Audiology, ENT, General Surgery, Gynaecology, Orthopaedics, Rheumatology and Urology.
- There is also a dedicated Radiology service providing plain film x-ray and ultrasound services to support the clinics listed above, as well as providing GP Direct Access for the surrounding practices.

Patient choice is an important part of the NHS Constitution and patients from surrounding areas frequently choose HDFT for their care. HDFT will continue working in partnership with the local Integrated Care Systems (ICSs) to expand secondary care services and meet this demand.

## Our Community Services

HDFT also provides a range of community services in Harrogate and the local area as well as across North Yorkshire. Our dedicated and experienced staff, who are based in the communities they serve, offer expertise across a variety of disciplines and work closely with primary care, acute hospitals, social care, mental health and voluntary sector providers.

Services include:

- Community Podiatry Services;
- District and Community Nursing;
- Community Therapy Services;
- GP Out of Hours Services;
- Infection Prevention and Control/Tuberculosis Liaison Services;
- Minor Injury Units;
- Older People and Vulnerable Adults Services;
- Safeguarding Children Services;
- Community Dental Services;
- Specialist Community Services.

## Our Children's and Young People's Services

HDFT is the largest provider of Children's and Young People's Public Health Services (also known as 0-19 or 0-25 services) in England. We support almost 600,000 children and their families in County Durham, Sunderland, Darlington, Middleborough, Stockton, Gateshead, Northumberland, North Yorkshire and Wakefield. These are universal services which are delivered by multi-disciplinary teams led by Specialist Children's Public Health Nurses, both as Health Visitors (for children up to 5 years old) and School Nurses (for children from 5 years old).

The needs and voices of children, young people and families are at the core of the service which is designed to identify and address their needs at the earliest opportunity, as well as to recognise and build on the strengths that are within individuals. This enables them to be part of the solution to overcome challenges and identify and develop resources within communities so that children, young people and families have access to support when and where they need it. We work closely with other trusts, local authorities and other organisations to be a strong partner. We are part of the local governance and system working for children's services and we tailor our services to the strengths and challenges of the local population. Many of these services are now delivered through partnership agreements with local authorities and this is a strategy we are keen to replicate in other areas because it enables long term investment and development of the services.

## Our Subsidiary Company

In 2018 HDFT established a wholly owned subsidiary company, Harrogate Healthcare Facilities Management Ltd to provide estates and facilities services. The company currently trades as Harrogate Integrated Facilities (HIF) and, while the vast majority of its activity directly supports the Trust to deliver its services, the company has begun to offer services to external organisations such as the Duchy Hospital and a number of dental surgeries.

## HDFT in Numbers

| | | |
|---|---|---|
| **3** INTEGRATED CARE SYSTEMS | OVER **5,000** COLLEAGUES | **21,000** VIRTUAL OUTPATIENT ATTENDANCES |
| **118,000** HOME VISITS | HOSPITAL CATCHMENT AREA **c316,000** | **£350M** TURNOVER |
| LOOKING AFTER OVER **600,000** CHILDREN | COMMUNITY SERVICES POPULATION **c621,000** | LARGEST **EMPLOYER** IN HARROGATE AND DISTRICT |
| **55,000** EMERGENCY DEPARTMENT ATTENDANCES | OVER **2,000** CANCER TREATMENTS | |

## Our Strategy

The aim of our Strategy is to establish shared understanding and clarity for our workforce, Board of Directors and partners about the Trust's purpose, ambitions and priorities. It provides a framework to align our endeavours and mobilise our resources and workforce. Our Strategy is for everyone in the Trust, in every role and every function. It drives our activities as a Trust, as Directorates, Services and individually.

We exist to serve two groups:

- the patients who we care for in our hospitals and community services in Harrogate and District, including wider North Yorkshire; and
- the children and young people who we support through our Children's and Young People's Public Health Services across large parts of the North East and Yorkshire.

Our Strategy makes it clear that our patients and children always come first.

Our purpose is to improve the health and wellbeing of our patients, children and communities. As well as caring for patients when they are unwell, we can also help improve people's health and contribute to the wellbeing of our communities through our services and how we use our resources


Our Strategy guides our decision-making about today's priorities, ensuring they support our purpose and long-term ambitions. Annually, we set clear, specific priorities and objectives for each ambition and goal, and track their delivery through the Board Assurance Framework and our governance and management processes.

Our strategic objectives for 2023-24 were:

### Best Quality, Safest Care

- Improve theatres' safety
- Reduce pressure ulcers and falls
- Implement the learning from clinical investigations
- Reduce medication errors
- Improve patient communications

### Person Centred, Integrated Care; Strong Partnerships

- Increase elective capacity through theatre productivity and outpatient transformation to ensure no patients wait over 65 weeks for treatment

- Initiate projects to build additional theatre capacity at Wharfedale and Harrogate Hospitals
- Reduce waiting times in the Emergency Department, with more than 76% of patients waiting less than four hours by March 2024.
- Improve patient flow through the hospital, including out of hospital services to support discharge

### Great Start in Life

- Develop a Children's Public Health Services Strategy and operating model
- Re-start implementation of Hopes for Healthcare, our principles for supporting children and young people in our services
- Deliver the actions from the Ockenden Report into our own Maternity Services

### At Our Best: making HDFT the best place to work

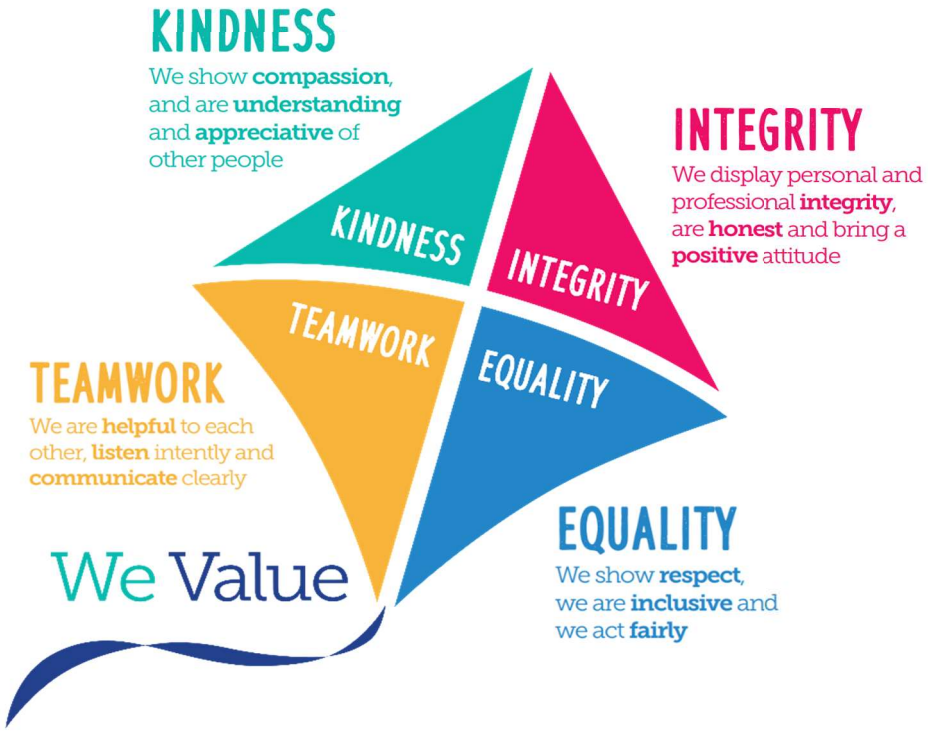
- Look after our people
- Embed a culture of belonging
- Embrace new ways of working
- Growing for the future

These objectives were supported by our enabling ambitions:

- **An environment that promotes wellbeing:** Deliver the 2023-24 estates programme including: a new Cardiorespiratory Ward and a new Urgent Treatment Centre at Harrogate District Hospital; a new Community Diagnostic Centre and Community Midwifery centre at Ripon Community Hospital ; and completion of the SALIX carbon reduction programme
- **Digital transformation to integrate care and improve experience:** Continue the process to replace our Electronic Patient Record; Deliver the 2023-24 digital programme including; Single Sign On, inpatient and outpatient documentation on WebV
- **Healthcare innovation to improve quality:** Establish a Harrogate Innovation Hub; Deliver our National Institute for Health and Care Research (NIHR) portfolio research activity; Start to develop research into Children's Public Health Services; start to implement HDFT Impact, our continuous improvement programme.

## Our Values

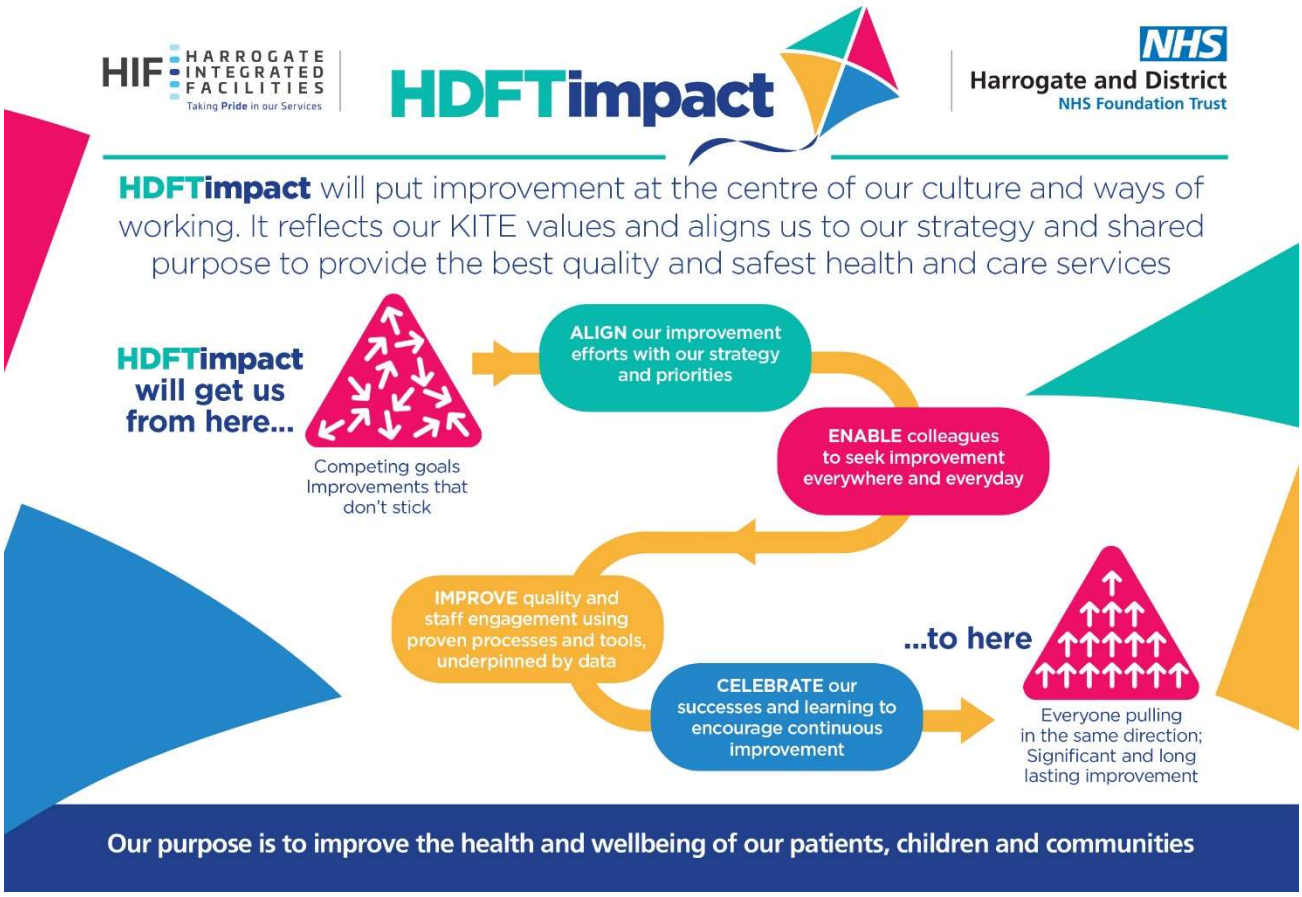
Our values are a key component of what makes HDFT the organisation it is today and underpin our Strategy – it is not only important **what** we do, but also **how** we do it. Our values are:




## HDFT Impact – delivering our Strategy

During 2023-24 a key objective for our enabling ambition "Healthcare innovation to improve quality" has been delivering HDFT Impact, our continuous improvement programme and the system for delivering our Strategy.

HDFT has been using "lean" improvement methods for over 10 years and we have seen the improvements this can bring for patients and colleagues. HDFT Impact builds on this experience to put continuous improvement at the centre of our culture and ways of working. It will align improvement with our Strategy and enable improvement through coaching and support. Through proven systems, routines and tools, teams will make significant, long lasting improvements as part of their daily work. HDFT Impact will mobilise all 5,000 colleagues in #TeamHDFT to improve quality in everything we do.




Our vision for HDFT Impact is that all of our colleagues are able to say:

- I understand our Strategy and how we are performing against our goals
- I understand the contribution to the strategy that my team and I need to make using improvement techniques
- I am able to deliver my work and improve how I do it as part of my day job

During 2023-24 we refined our Strategy to include metrics for each of our True North Ambitions (the long-term outcomes we are seeking for our patients, children, communities and staff) so we can measure the progress we are making. The metrics are shown on the graphic below.


Through HDFT Impact we have also developed systems to deploy the Strategy more robustly throughout the organisation so that our priorities at every level are aligned to our True North Ambitions. Our Strategic Programmes are multi-year programmes which will enable step changes in the quality of care we provide to our patients, children and communities. Alongside

these long-term programmes, each year we will identify a small number of "Breakthrough Objectives" which aim to focus the improvement efforts of every team in the Trust on the areas which will have the biggest impact on the quality of care. The Breakthrough Objectives will be supported by a small number of key, Corporate Projects: improvements that need project management and corporate support to implement new systems or processes.

For 2024-25 our Strategic Objectives are:

### Strategic Programmes

- **HDFT Impact.** HDFT Impact will provide the capacity and capability for improvement, aligned to our Strategy, across the Trust. As such, it underpins everything else we are doing as an organisation. During 2024-25 we will expand the number of frontline and corporate teams trained to implement its systems and processes, and embed processes and behaviours that support and enable improvement at Board, Executive and Directorate levels.
- **Electronic Patient Record.** By providing clinicians with instant access to patient information, our new electronic patient record will underpin a step change in the quality and safety of care in our acute services. During 2024-25 we will complete the procurement process for the new system and begin its implementation.
- **Clinical Services Strategy.** Our clinical services strategy describes how we will deliver our services in the future, focusing on: best quality, safest care with a focus on frailty; integrated care delivered as close to home as possible through "HDFT@Home"; and clinical partnerships and networks, mainly through the West Yorkshire Association of Acute Trusts for specialist clinical networks, and locally through the Harrogate and Rural Local Care Partnership. In 2024-25 we will focus on developing HDFT@Home and on expanding our medical and medical associated professionals' workforce.
- **Children and Young People's Strategy.** In 2023-24 we published our Children's Public Health Services Strategy, but we know that we also need an overarching Children's Strategy for how we provide care for children and young people in all our services, whether in hospital or in the community. In 2024-25 we will engage with children, young people, their families, our clinicians and our communities to co-produce a Children and Young People's Strategy.

### Breakthrough Objectives

Based on analysis of our data for our True North Metrics, we have identified three breakthrough objectives for 2024-25:

- **Best Quality, Safest Care: Reducing the number of pressure ulcers leading to moderate harm.** Analysis of our data for patient safety incidents leading to moderate harm or above shows that the most prevalent type of incident is pressure ulcers. Therefore focussing on delivering a significant reduction in the number of pressure ulcers causing moderate harm or above, will have the biggest impact on reducing harm to our patients overall. This is an objective to which many teams across the trust, both clinical and non-clinical, can contribute.
- **Person Centred, Integrated Care: Time to first clinical assessment in the Emergency Department.** Analysis of our data for patient waiting times in the Emergency Department shows that the biggest contributor to patients waiting over four hours for a decision to admit or to discharge (the Four Hour Emergency Department Standard) is delays to the first clinical assessment. There are many reasons for delays, some within the Emergency Department but many in the rest of the hospital or even outside it, so many teams can make improvements which will reduce the time to first clinical assessment.
- **At Our Best – Making HDFT the best place to work: Reducing staff vacancies.** Based on analysis through several safer staffing tools, we have set an establishment for the Trust that will enable us to provide high quality, safe care for our patients and

children. The best quality and most efficient care is provided by substantive, permanently employed staff rather than temporary bank and agency staff. So, ideally, we would like to be fully recruited with every post in our establishment filled with a member of staff who is available to work. Many factors, for instance vacancies, turnover, sickness, rostering, can contribute to us not having staff available to work in every post, but currently our data shows that the biggest contributor remains the number of vacancies. Therefore our breakthrough objective for 2024-25 to support making HDFT the best place to work is reducing the number of vacancies.

## Corporate Projects

During 2024-25, our objective for Corporate Projects will initially be to identify and prioritise our projects. An initial trawl at Trust and Directorate level identified over 200 projects which were underway or in planning – far too many for us to deliver and realise the benefits. HDFT Impact provides a system for prioritising our projects. This will enable us to focus on a small number at a time, ensuring they have sufficient leadership, project management, clinical and operational capacity to be delivered at pace.

# SECTION ONE

# Performance Report

# Section 1 – Performance Report

## 1.1 Strategic Risks

The Trust records strategic risks to the organisation in the Board Assurance Framework (BAF) and operational risks to the organisation on the Corporate Risk Register.

The BAF is reviewed on a bi-monthly basis at the Trust Board meeting held in public and the relevant sections are also scrutinised at the responsible Sub-Committee of the Board. For oversight and assurance, the BAF is also considered at the monthly meetings of the Executive Risk Management Group.

The Corporate Risk Register is also reviewed on a bi-monthly basis at the Trust Board meeting held in public. All risks that are scored at 12 or above are reviewed at Directorate Resource Review meetings, Executive Risk Management Group and Senior Management Team each month.

Over the last 24 months, a wide scale review of risk management practices within the organisation has been undertaken. A revised governance structure, including the embedding of the Executive Risk Management Group has been completed. The Risk Management Policy for the organisation has been revised and a training package from Board to Ward has been introduced. Risk management within the organisation has moved to being managed digitally, on the electronic Datix system.

In 2023-24 a Board Assurance Framework (BAF) was in operation and was used effectively to structure our Board and Sub-Committee agendas.

Between April 2023 and March 2024, the strategic and corporate risks identified on the Board Assurance Framework included:

**Best Quality, Safest Care**:

The risk of the inability to deliver our ambition to provide the best quality, safest care, where quality is defined by safety, effectiveness and patient experience. There is a risk that we will be unable through continuous learning and improvement to make our processes and systems ever safer. There is a risk that we are unable to deliver excellent outcomes for our patients and the children and young people we support which improve their health, wellbeing and quality of life due to being unable to provide effective care based on best practice standards. There is a risk that we will be unable to allow every patient, child and young person to have a positive experience of our care due to being unable to listen and act on their feedback to continuously improve.


Corporate Risks Associated:

- Nursing Shortages: Risk to service delivery and patient care due to failure to fill registered nurse vacancies due to the national labour market shortage (Removed October 2023)
- Health and Safety: Organisational risk to compliance with legislative requirements due to failure in making suitable and sufficient assessment of risks

**Person Centred, Integrated Care; Strong Partnerships:**

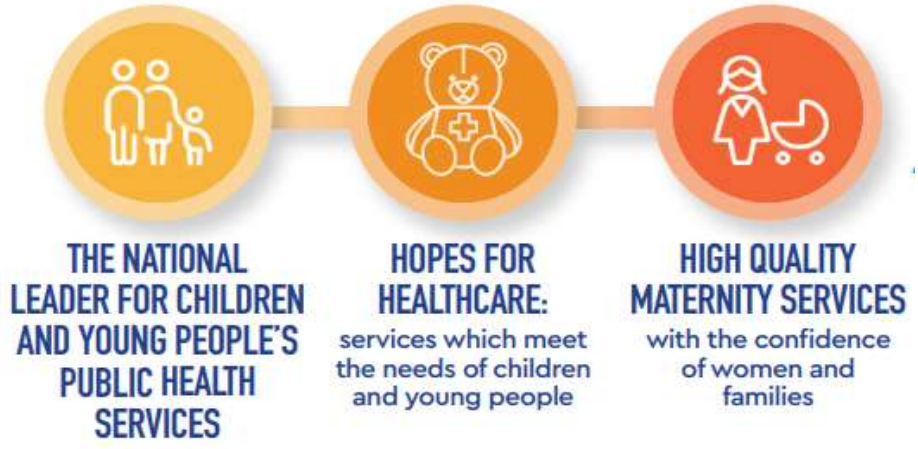
The risk of the inability to deliver our ambition to support person centred, integrated care through strong local partnerships. There is a risk that we are not recognised as an exemplar for person centred, integrated care where we ensure that patients get the right care, from the right staff, in the right place. With an increasingly elderly and frail population, there is a risk that we are unable to prioritise providing the highest quality care and best outcomes for this group, while ensuring that all our patients also benefit from the services and approaches for the elderly and frail.


Corporate Risks Associated:

- Referral To Treatment (RTT): Risk to patient safety, performance, financial performance, and reputation due to increasing waiting times across a number of specialties as a result of the impact of CoVid
- Emergency Department (ED) 4 Hour Standard: Risk of increased morbidity/ mortality for patients due to a failure to meet the 4 hour standard.

## Great Start in Life:

The risk of the inability to deliver our ambition to lead the development of children and young people's public health services, sharing our expertise to benefit children nationally. As a district general hospital we often care for children and young people in our adult services and there is a risk that we will be unable to ensure that every service meets the needs of children and young people due to the inability to implement the 'Hopes for Healthcare' principles co-designed with our Youth Forum. There is a risk that we will therefore be unable to provide high quality, safe care and a great patient experience for mothers and their babies, and ensure they and their families have confidence in that care due to HDFT being the largest provider of public health services for children and young people in England supporting almost 600,000 children and young people to have a great start in life.




Corporate Risks Associated:

- Autism Assessment: Risk to quality of care by not meeting NICE guidance in relation to the commencement of autism assessment within 3 months of referral. Risk that children may not get access to the right level of support without a formal diagnosis and that this could lead to deterioration in condition.

## At Our Best – Making HDFT The Best Place To Work:

The risk of the inability to deliver our People & Culture Strategy, 'At Our Best'. The strategy follows the NHS People Plan themes and our teamHDFT 'KITE' values and culture. There is a risk that the organisation is unable to achieve its ambition to make HDFT the best place to work. There is a risk that we will be unable to provide physical and emotional support to enable us all to be 'At Our Best'. There is a risk that we will be unable to build strong teams with excellent leadership and promote equality and diversity so everyone is valued and recognised and we are all proud to work for HDFT. There is a risk we will be unable to offer everyone opportunities to develop their career at HDFT through training and education. There is a risk we will be unable to design our workforce, develop our people, recruit and retain, so we have the right people, with the right skills in the right roles to provide care to our patients and to support our children and young people. This is due to the inability to deliver our People & Culture Strategy.


Corporate Risks Associated:

- Workforce Risks: Risk to patient care and safety due to potential impacts on staffing levels and increased reliance on agency workers. Potential for lower colleague engagement due to increased workload, post pandemic burn-out and poor working environment.

**Digital Transformation To Integrate Care And Improve Patient, Child And Staff Experience:**

The risk of the inability to deliver our ambition to provide digital tools and services which make it easier for us to provide the best quality, safest care and which help us provide person centred, integrated care that improves patient experience. There is a risk that we will be unable to collect data about our services through digitisation and this will prevent us from having the ability to create useful information which enables us to learn and continuously improve our services.


- No related corporate risks

**Healthcare Innovation To Improve Quality and Safety**:

The risk that we will have the inability to use our agility to become the first choice for testing healthcare innovations to improve care for patients due to the risk that we will not be able to develop partnerships with industry, academia, government, the voluntary sector and our local system to offer a real-world testbed for healthtech and digital innovations. The risk that we have the inability to use our size and expertise to be the leading NHS trust partner for research

in children's public health services due to the inability to access research and clinical trials to improve quality and outcomes for patients and lack of access for our patients through clinical trials at HDFT and through partnerships with our Clinical Research Network.


- No related corporate risks

**An Environment That Promotes Wellbeing:**

The risk of the inability to continuously improve our estate and our equipment to promote wellbeing and enable us to deliver the best quality, safest care. Due to the inability to prioritise investments and design new facilities to promote wellbeing and best quality. As the largest employer in Harrogate and District, and covering a huge footprint across the North East and Yorkshire, we have an important leadership role in reducing our impact on the planet through our buildings, energy use, transport and food. Due to this there is a risk that we will be unable to build on our strong track record to continuously reduce our impact on the environment and achieve net zero carbon by 2040.


Corporate Risks Associated:

- Managing the risk of injury from fire: Organisational risk to compliance with legislative requirements, with risk of major injuries, fatality or permanent disability to employees, patients and others due to fire hazards
- Control of contractors and construction work: Organisational risk to compliance with legislative requirements, with the risk of major injuries, fatalities, or permanent disability to employees, patients and others, due to the failure to manage the impact of contractors, and construction work at Trust premises. (Removed November 2023)

- RAAC Roofing at HDH: Organisational risk to compliance with legislative and NHSE requirements, with the risk of major injuries, fatalities, or permanent disability to employees, patients and others, due to the failure to manage the risk associated with RAAC roofing.
- Hot water temperatures at HDH: Hot Water circulation temperatures are below the minimum required in HTM 04 "Safe Water in Healthcare Premises" (June – November 2023)
- HDH Goods Yard: Organisational risk to compliance with legislative requirements, with the risk of major injuries, fatality, or permanent disability to employees, patients and others due to unauthorised access to restricted areas of the hospital through the loading bay entrance

## 1.2 Going Concern Disclosure

After making enquiries, the Board have a reasonable expectation that the services provided by the NHS Foundation Trust will continue to be provided by the public sector for the foreseeable future. For this reason, the Board have adopted the going concern basis in preparing the accounts, following the definition of going concern in the public sector adopted by HM Treasury's Financial Reporting Manual.

## 1.3 Performance Summary

2023-24 maintained the focus on reducing waiting times both in our diagnostic, planned care, cancer care and urgent care pathways.

Over the year, the median referral to treatment (RTT) waiting times remained at a similar level for Harrogate patients of between 10-11 weeks. However the number of patients waiting over 52-weeks reduced from 997 in March 2023 to 492 in March 2024. By March 2024, the Trust had successfully eliminated any RTT waiting times of more than 65 weeks and, by March 2025, is aiming to eliminate anyone waiting over 52 weeks from referral.

In addition, we were also able to support other providers electively in both Humber and North Yorkshire ICS and West Yorkshire ICS by providing diagnostic (endoscopy) capacity and also by transferring and treating a number of their longer waiting patients. Providers in Humber and North Yorkshire ICS received consistent non-elective support from the Trust through ambulance diversion with an average of provision of 15 inpatient beds.

Safety continues to remain a priority, with all patients clinically triaged and assessed for clinical harm where longer waiting times have occurred.

Whilst urgent care and waiting times in our emergency department remain challenging we were one of 38 trusts nationally to deliver on the 4 hour standard in March 2024 with 78% of patients being seen and admitted or discharged within 4 hours (target 76%).

Our focus is maintaining patient safety. There has continued to be consistently good performance for timely ambulance handover in our Emergency Department.

## 1.4 Operational Performance

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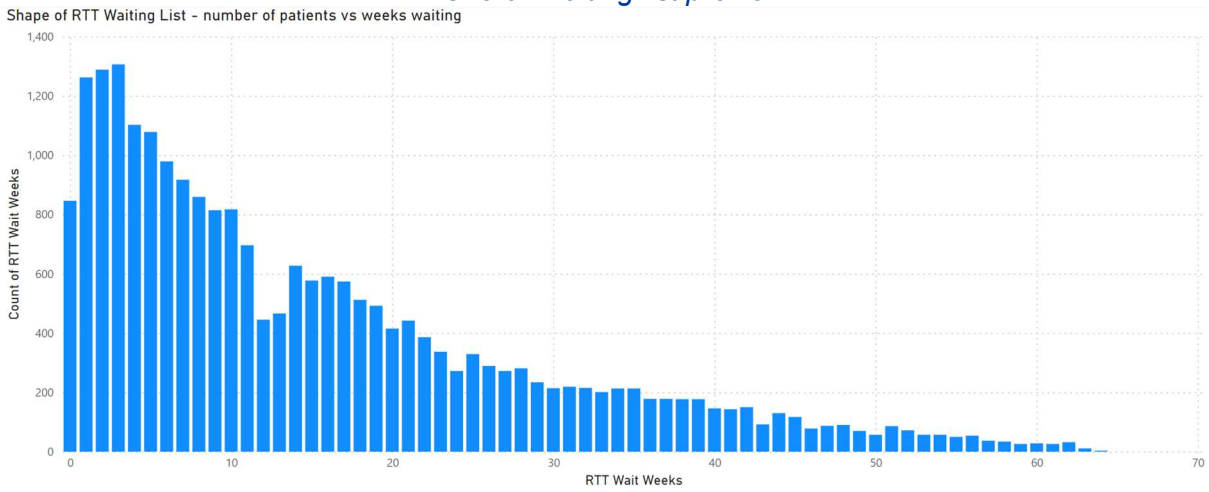
### Waiting Times

During 2023-24 the Trust continued to treat the most clinically urgent patients on the elective waiting list alongside patients waiting the longest time. Routine operations were still impacted by the impacts of CoVid on patient availability as well as several periods of industrial action across the year. Routine primary care referrals remained at higher levels than 2019-20 (+5%). The overall waiting list fell by around 2000 patients across the year partly due to a change in how community dental waits are reported. Longer waiting times decreased throughout the year, the 92nd percentile reduced from 42 weeks in March 2023 to 39 weeks in March 2024. The number of patients waiting longer than 52 weeks decreased again by 50%, from 997 in March 2023 to 492 in March 2024. Median waiting times remained at a consistent level throughout the year.

*Overall waiting list profile*

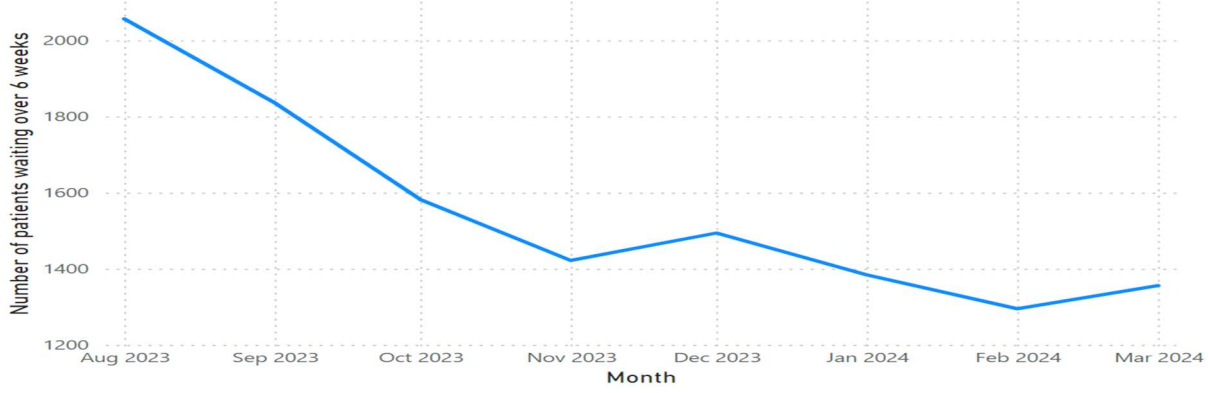



Validation of the waiting list is now a continuous process using the AI supported tool alongside text messaging and the recently launched digital patient portal.

### Diagnostic Tests

During 2023-24, diagnostic services have continued to support elective recovery and the higher numbers of patients on urgent care pathways.
Longer waiting times continue to be actively reduced across most modalities with the graphs below demonstrating improvements in those waiting over 6 weeks. Echocardiography remains a challenge with an improvement plan in place.

*Number of patients waiting over 6 weeks for diagnostic tests (CT, MRI, DEXA, ECHO, US)*



## Cancer

Cancer patients continued to be treated throughout the year with clinical teams managing to preserve cancer treatments despite industrial action. There was a continued growth in 2 week wait (2WW) referrals with particular spikes in Breast, Skin and Lower Gastrointestinal pathways associated with national campaigns.

The national cancer waiting times were refined down to focusing on two standards. The Faster Diagnosis Standard (FDS) - patients to have either confirmed or refuted the diagnosis of cancer within 28 days of referral and the 62 day treatment standard – patients with cancer will have commenced their first treatment within 62 days of referral.

The high demand has impacted on our ability to achieve the FDS with particular pressure in those with suspected breast cancer. With additional clinics and diagnostics the position has improved at the end of the year with the aim to maintain that improvement through 2024-25.

The standard for treatment within 62 days of urgent referral was not delivered across the year with shared care cancer pathways contributing to delays. Performance again recovered toward the end of the year. Particular focus was on the number of patients waiting longer than 62 days for treatment with a target of less than 50 set for Harrogate which was delivered by year end (43 waiting).

The re-establishment of the cancer board and a successful cancer summit have led to pathways being modernised and are expected to support improved and sustainable performance.

*Cancer FDS and 62 day standards*

| 28 days- FDS | Jul-23 | Aug-23 | Sep-23 | Q2 | Oct-23 | Nov-23 | Dec-23 | Q3 | Jan-24 | Feb-24 | Mar-24 | Q4 | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pathways | 1182 | 1256 | 1277 | 3715 | 1228 | 1167 | 1085 | 3480 | 1204 | 1183 | 1241 | 3628 | 14423 |
| Within 28 days | 848 | 841 | 779 | 2468 | 776 | 723 | 725 | 2224 | 762 | 909 | 890 | 2561 | 9741 |
| Outside 28 days | 334 | 415 | 498 | 1247 | 452 | 444 | 360 | 1256 | 442 | 274 | 351 | 1067 | 4682 |
| Performance (Provisional standard = 75%) | 71.7% | 67.0% | 61.0% | 66.4% | 63.2% | 62.0% | 66.8% | 63.9% | 63.3% | 76.8% | 71.7% | 70.6% | 67.5% |

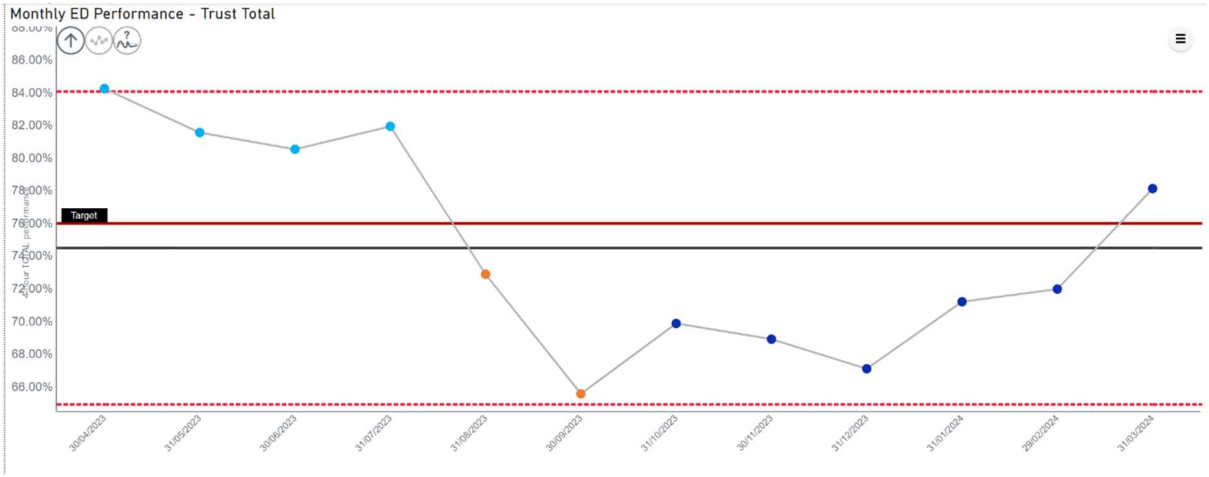
| 62 days - treatment standard | Jul-23 | Aug-23 | Sep-23 | Q2 | Oct-23 | Nov-23 | Dec-23 | Q3 | Jan-24 | Feb-24 | Mar-24 | Q4 | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Pathways | 70.5 | 74.5 | 77.0 | 222.0 | 90.0 | 117.0 | 79.5 | 286.5 | 96.5 | 93.0 | 92.5 | 282.0 | 1036 |
| Within 28 days | 49.5 | 60.5 | 53.5 | 163.5 | 64.5 | 77.0 | 55.0 | 196.5 | 68.5 | 71.5 | 78.5 | 218.5 | 756 |
| Outside 28 days | 21.0 | 14.0 | 23.5 | 58.5 | 25.5 | 40.0 | 24.5 | 90.0 | 28.0 | 21.5 | 14.0 | 63.5 | 280 |
| Performance (Standard = 85%) | 70.2% | 81.2% | 69.5% | 73.6% | 71.7% | 65.8% | 69.2% | 68.6% | 71.0% | 76.9% | 84.9% | 77.5% | 73.0% |

## Emergency 4-hour standard and ambulance handover performance

The Trust did not achieve the Emergency Care 4 hour standard (76%) for each quarter of the year. Performance reflects the continuing significant pressures with high bed occupancy relating to discharge challenges. The Trust continued to support the wider system during 2023-24 with regular diverts of ambulance patients to Harrogate in addition to the agreed ambulance boundary shift - this negatively impacted on HDFT's 4 hour performance and length of stay in the department. Emergency Department (ED) attendances have now exceeded previous levels experienced in 2019-20 (3% growth)

The redevelopment of the ED and implementation of the streaming model for ‘minor illness & injury’ as well as ARCHS model, acute frailty model and virtual wards have supported winter recovery and maintained performance against the backdrop of increased demand.

Additional focus and effort supported the achievement of 78% performance in March 2024 despite high bed occupancy and acuity.




Ambulance handover has been another key focus nationally and internally, ensuring ambulance service colleagues are able to safely handover patients and be available to respond to the next community emergency. The Trust has maintained its position across the year as one of the top quartile providers. This means that more than 90% of our ambulance handovers occurred with 30 minutes of arrival at the Emergency Department.

## Infection Prevention and Control (IPC)

Infection Prevention and Control (IPC) remains a high priority for the Trust and there is a strong commitment to reducing avoidable harm due to Healthcare Acquired Infections (HCAI). HCAI rates are closely monitored by the IPC committee, chaired by the Director of IPC (DIPC) and reported to the Quality Committee. Actions and recommendations to ensure the Trust HCAI rates remain below the Trust's trajectory level are overseen by the Lead Doctor and Lead Nurse for IPC, reporting directly to the DIPC and the Quality Committee

## Regulatory Ratings

HDFT's regulatory performance against key aspects of the NHS Single Oversight Framework is shown below. It is noted that the planning targets for 2023-24 were not at these levels as the NHS continues to recover from the CoVid pandemic. No formal regulatory action has been taken or is planned. The Trust continues to have robust measures in place to monitor performance and quickly address areas of concern. The Trust acknowledges the challenged position in 2023-24. As an organisation, HDFT is committed to ensuring high quality and timely care for our patients and service users. The Trust has robust plans in place to continue to make the step changes required in 2024-25 to improve the key performance indicators below. This includes the impact our continuous improvement programme will have in the coming months and year. RTT, diagnostic, cancer and emergency care performance narrative is covered in the operational performance section above.

| Performance Indicator Description | Q1 | Q2 | Q3 | Q4 | YTD |
|---|---|---|---|---|---|
| Diagnostic waiting times – minimum wait of 6 weeks | 61.8% | 59.0% | 61.4% | 67.5% | 67.5% |
| All Cancers: 62 Day Target | 73.1% | 79.2% | 63.4% | 80.1% | 73.9% |
| Cancer 28 Day Waits (faster diagnosis standard) | 69.1% | 66.4% | 63.9% | 70.6% | 67.5% |
| The number of cancer 62 day pathways waiting 63 days or more after an urgent suspected cancer referral | 56 | 59 | 58 | 40 | N/A |
| Trust total – Total time in A&E - % within 4 hours | 81.6% | 73.2% | 68.4% | 73.7% | 74.2% |
| Type 1 A&E – Harrogate ED – Total time in A&E - % within 4 hours | 78.2% | 68.1% | 63.6% | 69.7% | 69.9% |
| Type 1 A&E – Harrogate ED – trolley waits > 12 hours | 6 | 2 | 133 | 201 | 342 |
| Incidence of avoidable hospital acquired MRSA Bacteraemia | 0 | 0 | 0 | 0 | 0 |
| Incidence of hospital acquired C-Difficile (Cumulative) | 6 | 13 | 23 | 32 | 32 |
| Avoidable cases (cumulative) | 1 | 1 | 2 | 3 | 3 |

## 1.5 Operating and Financial Review of the Trust

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### Income and Expenditure Summary

The annual accounts outline the financial position for the Trust as a deficit of £6.6m. The table below provides a comparison between financial years.

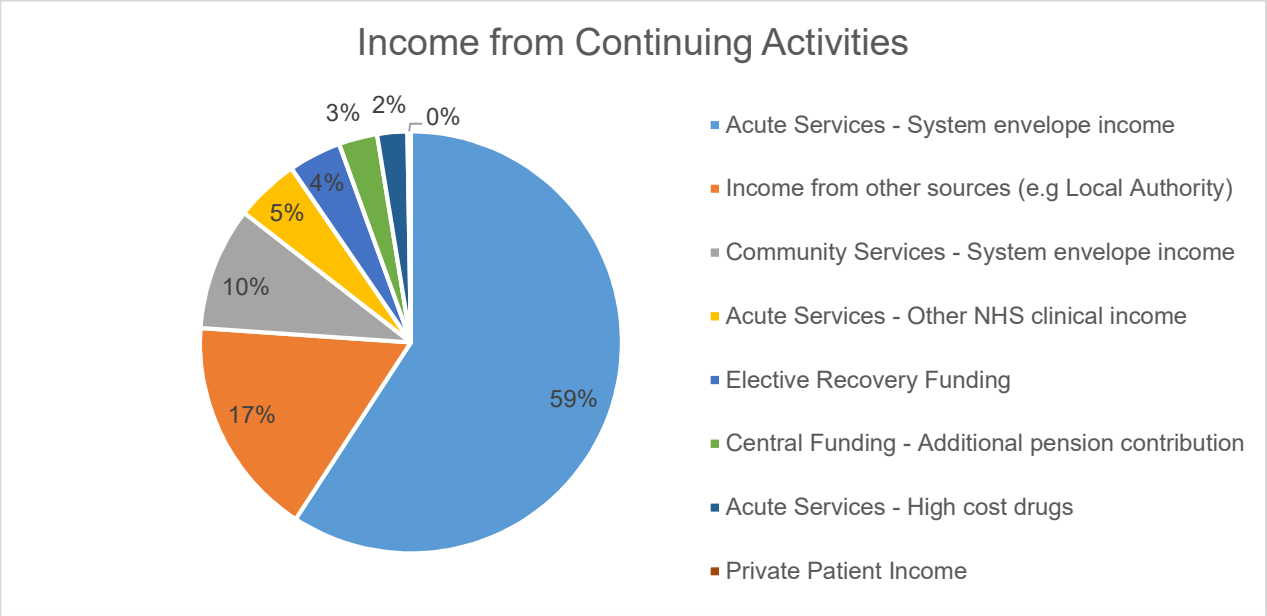
| £'m | 2023/24 | 2022/23 |
|---|---|---|
| Operating Income from Patient Care Activities | 337.1 | 314.9 |
| Other Operating Income | 27.9 | 37.5 |
| Operating Expenses | -368.6 | -349.1 |
| **Operating Surplus** | **-3.6** | **3.3** |
| Finance Costs | -3.0 | -2.6 |
| **Surplus for Year** | **-6.6** | **0.7** |

There are a number of key financial metrics which NHS England monitor the Trust against. For 2023-24 these are all aligned to NHS England expectations as outlined below

| Key Data Metric | £m | Agreed to NHS England Expectation |
|---|---|---|
| Total Provider Deficit (System Measure) | 4.2 | ✓ |
| Non Ring Fenced RDEL (National Measure) | 6.4 | ✓ |
| Provider Efficiency | 14.8 | ✓ |
| Capital Allocation (Trust Measure) | 12.4 | ✓ |
| Total Capital (CDEL and Grant Funded) | 21.9 | ✓ |

## Income Generated from Continuing Activities

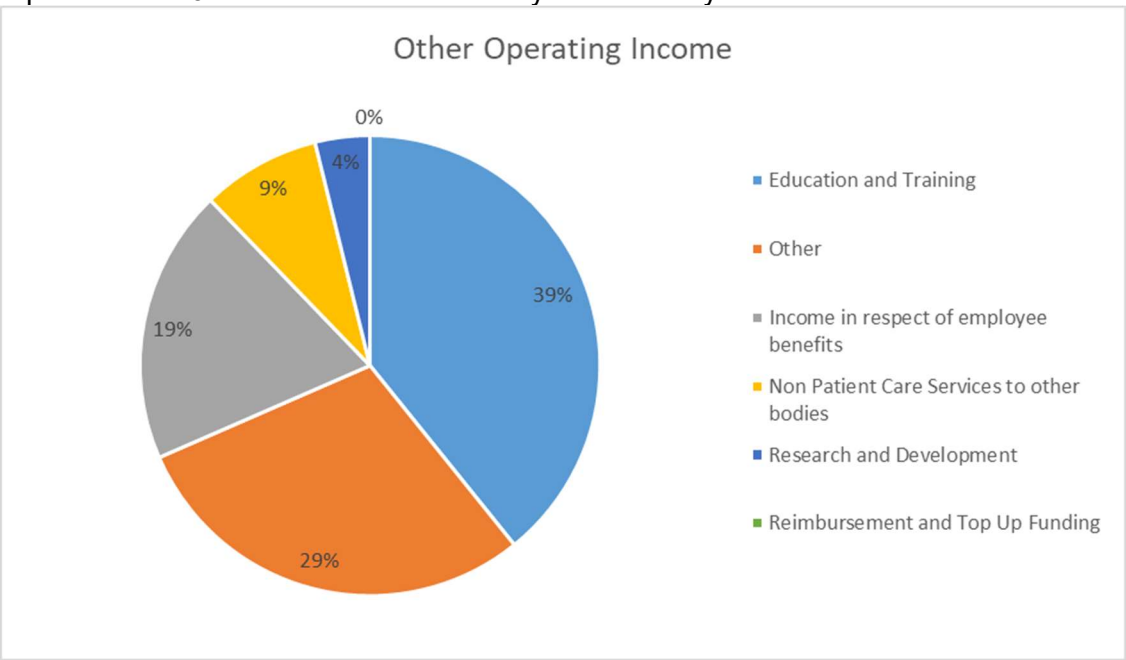
Total income from continuing activities for the year 2023-24 was £337,060k. This represented 92.5% of total income for the year. An analysis of this income is shown below:




The Trust has met the requirements of section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012), in that the income from the provision of goods and services for the purposes of the health service in England (principal) has exceeded income from the provision of goods and services for any other purposes (non-principal). Non-principal income is used to provide additional funding for the Trust. It is directly reinvested in the delivery of high quality NHS Services.

## Other Operating Income

Total income from other operating income for the year 2023-24 was £27,905k. This represented 7.6% of total income for the year. An analysis of this income is shown below:




## Cash

The Trust has a cash balance of £13,013k at the close of the financial year.

Cash support was required in March, with £3.8m received to support the Trust cashflow position.

## Use of Resource Metric

This metric measures how effectively the trust manages its financial resources to deliver high quality, sustainable services for patients. The Trust delivered a breakeven plan (plan was reset in February) and agency spend significantly reduced in comparison to the previous year.

## Financial Outlook 2024-25

The Trust has developed an operational plan for 2024-25 that delivers the operational asks for the NHS. This is based on triangulated workforce information and aligns with the expected resources available from commissioners. Trust performance will be measured against the following items.

| Key Data item | £'000 |
|---|---|
| System Surplus Performance | -5,297 |
| Non Ring fenced RDEL (national measure) | 7,545 |
| Efficiency Requirement – Internal | 15,600 |
| Efficiency Requirement – Provider Stretch | 6,200 |
| Agency expenditure | 3.2% |
| Capital Expenditure (CDEL) | 34,543 |

This is a challenging plan, with an efficiency requirement of over 6%. The Trust aims to deliver this through our Waste Reduction and Productivity (WRAP) programme. The focus of this work will be driving efficiencies by eliminating waste experienced by patients and staff, harnessing the work of HDFT Impact. From a productivity perspective our aim is reduce waiting lists and therefore maximise elective recovery funds to reflect the productivity of our services.

Key pressures to this plan include the impact of inflation and operational support to the wider system which drive additional costs. There is also the challenge of managing temporary staffing costs by minimising the requirement for them.

## Capital Investment Activity

During 2023-24 the Trust undertook another significant capital programme, £21.9m. This includes both Trust capital and additional CDEL. There were four large schemes which additional resource was received for including EPR readiness and infrastructure, £4.6m, TIF2 (Support Elective Recovery), £2m, CDC (Community Diagnostic Centre), £1m and RAAC £2m.

| Scheme | 2023-24 £000's |
|---|---|
| **CDEL** | |
| CT Scanner installation | 1,049 |
| ED2 Refurbishment | 1,319 |
| Asceptics | 1,639 |
| Wensleydale | 1,227 |
| Estate | 1,143 |
| TIF1 | 936 |
| Other | 1,515 |
| RAAC* | 1,965 |
| **Total CDEL** | **10,793** |
| **PDC** | |
| EPR | 4,665 |
| TIF2 | 2,000 |
| CDC | 1,049 |
| 7*Other Schemes (Digital/Elective Recovery) | 1,115 |

| | |
|---|---|
| **Total PDC** | **8,829** |
| **GRANT** | |
| Salix | 599 |
| IFRS 16 | 1,709 |
| **Total Capital** | **21,930** |

RAAC* - Funding from NHSE

## Land Interests

During the financial year ending 31 March 2024, the Trust's land and buildings were re-valued by the Valuation Office Agency (Royal Institute of Chartered Surveyors qualified) which is an Executive Agency of HM Revenue and Customs (HMRC). This valuation, in line with the Trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a valuation of the Trust's land and buildings of £104,487k, which has been incorporated into the accounts.

## Investments

Harrogate Healthcare Facilities Management, which trades as Harrogate Integrated Facilities, is the wholly owned subsidiary of the Trust. The Trust is also a member of a joint venture arrangement for Pathology Services.

## Details of Activities Designed to Improve Value for Money

The Trust will drive forward the delivery of efficiency through reducing waste and driving forward service improvement. This will be built from Directorate level, incorporating changes that are managed Trustwide and across the West Yorkshire Association of Acute Trusts (WYAAT).

The Business Development Strategy has continued its success and aims to continue to support the sustainability of the Trust, both financially and clinically.

The Quality Impact Assessment process relating to the efficiency programme continues to play a key role in ensuring quality, safety and access is not compromised by efficiencies. This process has been further refined to include the impact on as part of these changes.

The Trust WRAP target is £22m for 2024-25. It is recognised that, at 6%, this represents a challenging target. The Trust has historically delivered a 3% efficiency requirement but the further stretched ask will be challenging.

## Events since the end of the financial year

The Trust has not identified any events that occurred after the reporting year that would require disclosure as non-adjusting events in accordance with IAS10

## Oversees Operation

The Trust has no overseas operations.

## 1.6 Environmental Matters

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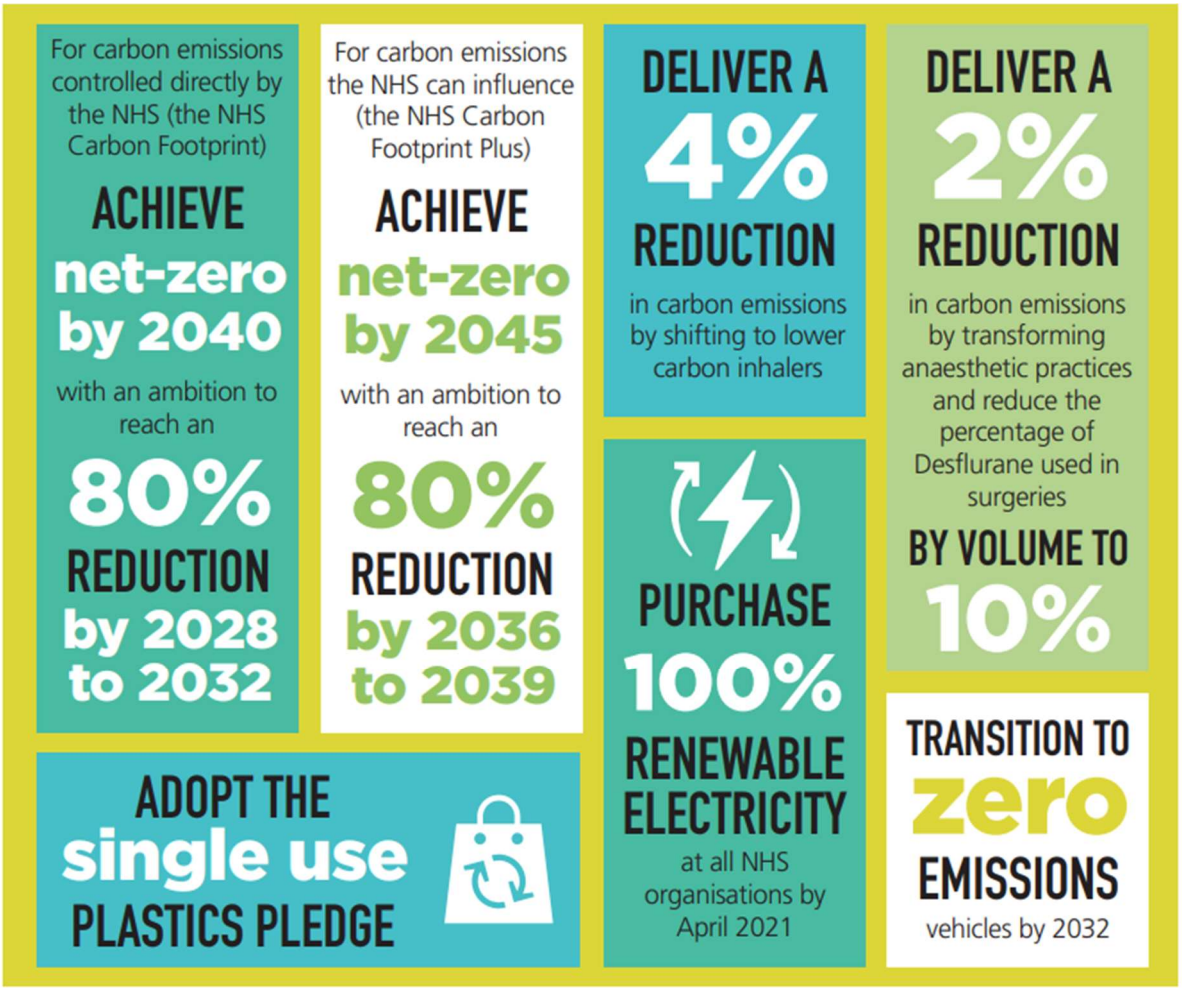
In March 2022 the Trust and its subsidiary company HIF developed and approved the Green Plan 2022-2025. The Plan set out the roadmap for the next 3 years highlighting key areas we need to focus on, for instance, to significantly reduce carbon emissions across our footprint by developing schemes that support walking and cycling, enhance green spaces, reduce pollutants and waste, improve energy and efficiency and increase recycling.

# Green Plan 2022-2025

Creating better, more sustainable healthcare for our community

The Trust has committed to being a net-zero organisation by 2040, having reduced our carbon footprint by 80% by the end of this decade. Our intention is to deliver sustainable healthcare for the benefit of the population we serve. Our targets are:




In the second year of our Plan we have achieved the aims and ambitions we set ourselves. These included:

- Developing our People and Leadership with the implementation of a Sustainability Board, Green Working Sub Groups, and carbon literacy training;
- Digital transformation with environmental sustainability as a key driver in our Digital Strategy;
- Contributed to the new digital strategy which now has sustainability and carbon reduction wording and criteria included;
- Worked with local partners to introduce incentives to utilise public transport;
- Increased the number of green spaces and biodiversity on site with 90 new native trees planted this year in 8 locations;
- HIF fleet that will be Euro 6 ULEZ compliant including an electric van;
- Delivered a “Nitrous Oxide Project” following a recognised methodology which has identified large scale system waste. Which will improve medical gas management and avoid 99% wastage;
- Supporting improvements in segregating and reducing food waste;

- Replacement of gas appliances for electric alternatives in the catering department;
- Mandatory 10% net zero and social value weighting for every tender and ensures that our suppliers commit to include carbon reduction in their contracts;
- Working with Dalkia to fully realise the benefits of the Salix scheme in terms of energy and cost savings;
- Saving over 3000 tonnes of CO2 per annum;
- Generating approximately 72,000 kWh of solar power, and
- Business case developed to put forward a solution to provide carbon accounting.

## 1.7 Task Force on Climate Related Financial Disclosures (TCFD)

NHS England's NHS foundation trust annual reporting manual has adopted a phased approach to incorporating the TCFD recommended disclosures as part of sustainability annual reporting requirements for NHS bodies, stemming from HM Treasury's TCFD aligned disclosure guidance for public sector annual reports.

TCFD recommended disclosures as interpreted and adapted for the public sector by the HM Treasury TCFD aligned disclosure application guidance, will be implemented in sustainability reporting requirements on a phased basis up to the 2025-26 financial year. Local NHS bodies are not required to disclose scope 1, 2 and 3 greenhouse gas emissions under TCFD requirements as these are computed nationally by NHS England.

The phased approach incorporates the disclosure requirements of the governance pillar for 2023-24. These disclosures are provided below.

Board Oversight of Climate Related Issues

A "Green Plan" report providing an update on sustainability actions is submitted to the Environment Board for review each month chaired by Matt Graham, Director of Strategy. In turn any matters arising with regards sustainability are then escalated to the Trust Board as required. An annual report is also produced which is reviewed by both the Trust Board and the subsidiary companies (Harrogate Integrated Facilities – HIF) Board.

Management's Role in Assessing and Managing Climate Related Issues

As noted above the role of assessing and managing is primarily through day to day operations within the organisation through its management structure, as well as, assurance and oversight through the Environment Board.

## 1.8 Quality

The Trust continues to be fully committed to the provision of high quality care. The Trust has prepared a Quality Account, which is a requirement of the Health Act 2009 and the Quality Account regulations. The Quality Account is produced in addition to the Annual Report and Accounts. Full details of the 2023-24 quality priorities and their achievements are detailed within the Quality Accounts. The document also details the quality priorities for 2024-25.

Following extensive review and consultation, the Trust set an ambitious programme of quality priorities. It was acknowledged that this would be a three-year programme and the focus would remain on the following quality priorities between 2022 and 2025.

## **SAFE**: Best Quality, Safest Care: Ever Safer Care through Continuous Learning and Improvement

1. **Theatres Improvement:** Following a number of incidents within our surgical and theatres environment, a wide scale theatres improvement plan was developed. The aim of this project is to improve patient safety and quality of care within this environment. It will focus on a series of enhanced cultural events, training and education, and bespoke pieces of work on the safety checks we undertake.
2. **Emergency Department Improvement:** A wide scale Emergency Department (ED) improvement plan was developed following a number of incidents within our ED. The aim of the project is to review the patient pathways into and out of the department, consider new ways of working, implement an enhanced safety regime and undertake a range of training and development initiatives.
3. **Pressure Ulcers:** The work undertaken in previous years in relation to our pressure ulcers improvement plan continues with an enhanced and dedicated Tissue Viability Team. The work they will do will build on what has already been achieved and will continue to implement new ways of working and ensure care is in line with our national framework.
4. **Inpatient Falls:** Enhanced training and education from our Falls Improvement Lead and Fundamentals of Care Lead will strengthen the work undertaken in previous years in relation to inpatient falls. This work will complement and improve our governance arrangements for reviewing and learning from inpatient falls.

## **OUTCOMES**: Best Quality, Safest Care: Excellent outcomes through effective, best practice

1. **Failure to Act on Results:** The failure to act on test results is a significant patient safety risk across the NHS. Errors and oversights in this area have resulted in delays in diagnosing and treating patients, some with tragic consequences. Following a number of incidents where failure to act on results or a delay in acting on results have been a primary cause of harm to our patients, this area was therefore selected as an area for improvement. The aim of this priority is to reduce the incidents of harm.
2. **Medication Errors:** We are building on the work undertaken in previous years. The focus has moved to improvements in key areas such as insulin errors as well as playing an active part in the national medication improvement programme.

## **EXPERIENCE**: Best Quality, Safest Care: A positive experience for every patient by listening and acting on feedback

1. **Patient Experience:** The organisation has reviewed the national patient experience framework and created a dedicated improvement plan to ensure our services are fit for purpose and future proofed.

The Quality Priorities are reviewed within speciality committees and working groups as required. They are overseen at an operational level at our Quality Governance Management Group (QGMG) and at a strategic level at our Quality Committee.

## 1.9 Social, Community, Anti-bribery, Health-inequalities and Human Rights Issues

The Trust operates seven staff networks:

**LGBT+**

**Disability and Long-Term Conditions**

**Neurodiversity**

**Menopause**

**REACH Race, Ethnicity and Cultural Heritage**

**Working Families and Carers Network**

**Armed Forces**

All of these networks help to work towards reducing inequalities between staff who share or do not share their protected characteristic as defined within the Equality Act 2010 and Public Sector Equality Duty (PSED). Each network group is sponsored at the director level and has a chair to drive it forward. Awareness events and promotions are delivered regularly throughout the year using different media platforms to all staff.

As part of our recruitment processes, we are guided by the organisational values of **Kindness, Integrity, Teamwork and Equality** which lend themselves to our accreditations. We hold accreditation for being a Menopause-Friendly organisation. We are a Disability Confident Employer which promotes and offers choice of equitable practices and reasonable adjustments for applicants from the induction stage and beyond for our employees. We also hold accreditation for being age-positive, a mindful employer and we are proactive in recruiting ex-military personnel.


In order to evidence the rationale for our decision-making, the Trust employee data is monitored and published on our website using the following mandated reports:

### Workforce Race Equality Standard (WRES)

The WRES report captures information regarding our employees who identify as BAME. The report identifies areas where their career trajectory or working practice may be compromised due to their ethnicity in terms of bullying and harassment, and a lack of equity where training, promotion or career opportunities should be available.

The Trust is committed to its action plan which details the governance and leadership sponsors.

### Workforce Disability Equality Standard (WDES)

The WDES report captures information regarding our employees who identify as having a disability. The report identifies areas where their career trajectory or working practice may be compromised due to their disability in terms of bullying and harassment and a lack of equity where training, promotion or career opportunities should be available.

The Trust is committed to its action plan which details the governance and leadership sponsors.

### Equality Delivery Standard 2022 (EDS22)

The EDS22 report was completed and published externally by the end of February 2024. This report examined the findings of three separate domains:

- Commissioned or Provided Services
- Workforce Health and Wellbeing
- Inclusive Leadership

The Trust has scored *Achieving* within each of the 3 domains and as an overall rating.

### Gender Pay-Gap report

The gender pay gap report was published in 2024 and highlights the gaps in pay between men and women. The gap identified was for those medical staff who claim Clinical Excellence Awards which found that women were less likely than their male peers to either achieve the award or to receive equitable monetary value. The Trust is committed to reviewing and auctioning this. We are committed to being an equal pay employer and improvements are noted year on year.

## Rainbow Badge Accreditation

The second iteration of the NHS rainbow badge is facilitated by Stonewall and LGBT Foundation. The revision to this initiative is to enable NHS Trusts to demonstrate how they are inclusive to the LGBT+ community by presenting evidence in the form of policies, procedures, emails and photographs to them in order to score sufficient points to achieve their award. HDFT was awarded this accreditation in April 2023.

## Freedom to Speak Up Guardian

The Freedom to Speak Up Guardian (FtSu) is a conduit for employees to speak up in relation to poor practices, abuse or harassment as an alternative route to raising these matters with Human Resources or their line manager. By having this person in the role, they can support the employee, signpost and offer advice to enable them to resolve these issues.

## Belonging Sub-Group

The Belonging Sub-Group is where all of the above reports and initiatives converge for discussion and ratification prior to them being escalated to other groups which oversee the governance of the directorate.

## Staff Policies

The Trust is committed to the development of positive policies and practices to promote equal opportunities in recruitment and selection, education and training, career development and for staff who have become disabled during their career. The Trust believes that it is essential to eliminate discrimination and to promote good relations and equality of opportunity in order to utilise to the full, the skills and talents of the entire workforce, which is evidenced in policies which continue to be followed, this list is not exhaustive, but examples include:

- Recruitment Selection and Pre-Employment Checks Policy
- Training Policy
- Induction Policy
- Flexible Working Policy
- Remote and Agile Working Policy

All new and updates of existing policies, are sent through each of the staff networks to systematically encourage the involvement and decision-making of diverse staff groups in the development of policies which affect their working environment.

## Modern Slavery Act 2015

The Modern Slavery Act 2015 established a duty for commercial organisations to prepare an annual slavery and human trafficking statement. This is a statement of the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains or in any part of its own business. Harrogate and District NHS Foundation Trust is committed to ensuring that there is no modern slavery or human trafficking in any part of our business, including our supply chains. The aim of this

statement is to demonstrate that the Trust follows best practice and that all reasonable steps are taken to prevent slavery and human trafficking.

Policies relating to Modern Slavery

All members of staff have a personal responsibility for the successful prevention of slavery and human trafficking with the procurement department taking responsibility for overall compliance. The Trust has internal policies and procedures in place that assess supplier risk in relation to the potential for modern slavery or human trafficking. The Trust's internal Safeguarding Adults Policy and Procedures supports our staff to identify and report concerns about slavery and human trafficking. Our Speaking Up policy and procedures also provide supportive guidance for our employees to raise concerns about poor working practices.

Our People

We confirm the identities of all new employees and their right to work in the United Kingdom and pay all our employees above the National Living Wage.

Our Supply Chain

Our procurement senior team are all Chartered Institute of Purchasing and Supply (CIPs) qualified and abide by the CIPs code of professional conduct. The procurement team follows the Crown Commercial Service standard and includes a mandatory exclusion question regarding the Modern Slavery Act 2015. When procuring goods and services, we additionally apply NHS Terms and Conditions (for nonclinical procurement) and the NHS Standard Contract (for clinical procurement). Both require suppliers to comply with relevant legislation.

Our Performance

We know the effectiveness of the steps that we are taking to ensure that slavery and/or human trafficking is not taking place within our business or supply chain if: No reports are received from our staff, the public, or law enforcement agencies to indicate that modern slavery practices have been identified. Risks associated with this Act are managed in accordance with the Trust's Risk Management Policy.

### Health Inequalities

Differential waiting times are analysed and reported to Board on a bimonthly basis specifically examining ethnicity, deprivation and learning disability status. Currently there is no inequality in waiting times by ethnicity or learning disability but there is a difference in waiting times between those in the highest deprivation quintile compared to middle and lowest - further analysis is being carried out to understand this discrepancy.

The established learning disability lead nurse has had a positive impact on waiting times and outcomes for this group of patients.

## Approval by the Directors of the Performance Report

This Performance Report has been approved by the Board of Directors of Harrogate and District NHS Foundation Trust.

**Jonathan Coulter**
**Chief Executive Officer**
**Harrogate and District NHS Foundation Trust**
**26 June 2024**

# SECTION TWO

# Accountabilty

# Section 2 - Accountability Report

The commitment and achievements of our colleagues in HDFT is key to the success of our organisation.

There are over 5,000 colleagues working across our acute, community and children and young people services in a variety of different roles. Each of them is vital to the care, safety and quality of the services we deliver.

HDFT is governed by a Trust Board comprising of both Executive Directors, appointed to specific roles in the organisation and Non-executive and Associate Non-executive Directors who offer external expertise and perspective.

## 2.1 Members of the Trust Board

The Directors of the Trust during the year 2023-24 were:

### Non-executive Directors

| | |
|---|---|
| Sarah Armstrong | Chair |
| Jeremy Cross | Non-executive Director |
| Chiara De Biase | Non-executive Director |
| Andrew Papworth | Non-executive Director and Vice Chair |
| Laura Robson | Non-executive Director and Senior Independent Director |
| Wallace Sampson OBE | Non-executive Director |
| Richard Stiff | Non-executive Director (Left post 31st July 2023) |
| Julia Weldon | Non-executive Director |

### Associate Non-executive Directors

| | |
|---|---|
| Azlina Bulmer | Associate Non-executive Director |
| Kama Melly | Associate Non-executive Director |

### Executive Directors

| | |
|---|---|
| Jonathan Coulter | Chief Executive Officer |
| Jacqueline Andrews | Executive Medical Director |
| Matthew Graham | Director of Strategy and Transformation |
| Jordan McKie | Director of Finance |
| Russell Nightingale | Chief Operating Officer |
| Emma Nunez | Director of Nursing, Midwifery and Allied Health Professionals (AHPs) and Deputy Chief Executive |
| Angela Wilkinson | Director of People and Culture |

## 2.2 Company Directorships held by Directors or Governors

There are no company directorships or other significant interests held by Directors or Governors that are considered to conflict with their responsibilities.

During the year, Matthew Graham, Director of Strategy and Transformation and Richard Stiff, Non-executive Director and Jeremy Cross, Non-executive Director were appointed by the Trust as Stakeholder Non-executive Directors of the wholly-owned subsidiary, Harrogate Healthcare Facilities Management Limited (t/a Harrogate Integrated Facilities (HIF)). This was declared at the start of all meetings in which they attended, in both the Trust and HIF.

As part of the Joint Venture Pathology arrangements of which the Trust is a member, Russell Nightingale, Chief Operating Officer and Angela Wilkinson, Director of People and Culture hold Board roles for Integrated Pathology Services (IPS) and Integrated Laboratory Services (ILS).

The Register of Interests for all members of the Board of Directors and the Council of Governors are held within the Trust and are continually updated as required. The Board of Directors' register is received at every Public and Private Trust Board meeting. The Council of Governors' register is received at each Council of Governors meeting. Both registers are available through public papers, pages on the Trust website and on request through the Company Secretary's Office.

## 2.3 Accounting Policies

The Trust prepares its financial statements under direction from NHS England (NHSE), in accordance with the Government Financial Reporting Manual 2023-24, which is agreed with HM Treasury. The accounting policies follow International Financial Reporting Standards (IFRS) to the extent they are meaningful and appropriate to NHS Foundation Trusts.

## 2.4 Charitable and Political Donations

During 2023-24 no charitable or political donations were made by the Trust.

## 2.5 Better Payment Code of Practice

The Better Payment Code of Practice requires the Trust to aim to pay all valid non-NHS invoices within 30 days of receipt, or the due date, whichever is the later. This has become more challenging in quarter 4 as cash is being monitored on a weekly basis. The information below provides an update on the Trust's compliance to this:

| Year to 31 March 2023 | | | | Year to 31 March 2024 | | |
|---|---|---|---|---|---|---|
| NHS | Non NHS | Total | Numbers | NHS | Non NHS | Total |
| 2,471 | 42,899 | 45,370 | No of Invoices Paid to Date | 3,023 | 43,402 | 46,425 |
| 1,678 | 40,591 | 42,269 | No of Invoices Paid in 30 Days | 2,446 | 39,709 | 42,155 |
| 67.9% | 94.6% | 93.2% | % of Invoices Paid in 30 Days | 80.9% | 91.5% | 90.8% |

| Year to 31 March 2023 | | | | Year to 31 March 2024 | | |
|---|---|---|---|---|---|---|
| NHS | Non NHS | Total | Values | NHS | Non NHS | Total |
| 33,437 | 74,993 | 108,430 | £x value of Invoices Paid to Date | 44,833 | 88,635 | 133,468 |
| 28,550 | 69,777 | 98,327 | £k value of Invoices Paid in 30 Days | 37,942 | 76,358 | 114,300 |
| 85.4% | 93.0% | 90.7% | % of Invoices Paid in 30 Days | 84.6% | 86.1% | 85.6% |

## 2.6 NHS Improvement Well Led Framework

The Trust has arrangements in place to ensure that services are well-led in accordance with the Care Quality Commission (CQC) and the NHS England requirements. Further details of these are included within this Annual Report and Accounts as part of the Annual Governance Statement (AGS).

## 2.7 Statement as to Disclosure to Auditors and Accounts Prepared under Direction from NHS England

So far as the Directors are aware, there is no relevant audit information of which the External Auditors are unaware, and the Directors have taken all of the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Auditors are aware of that information. The Trust's accounts have been prepared under the direction of NHS England, in exercising the statutory functions conferred in accordance with the Department of Health and Social Care Group Accounting Manual 2023-24.

## 2.8 Income Disclosure required by Section 43 (2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012)

Section 43(2A) of the NHS Act 2006 (as amended by the Health and Social Care Act 2012) requires that the income from the provision of goods and services for the purposes of the health service in England must be greater than the Trust's income from the provision of goods and services for any other purposes. The Trust confirms that it has met this requirement during 2023-24.

## 2.9 NHS Oversight Framework

NHS England's NHS Oversight Framework provides the framework for overseeing systems including providers and identifying potential support needs. NHS organisations are allocated to one of four 'segments'.

A segmentation decision indicates the scale and general nature of support needs, from no specific support needs (segment 1) to a requirement for mandated intensive support (segment 4). A segment does not determine specific support requirements. By default, all NHS organisations are allocated to segment 2 unless the criteria for moving into another segment are met. These criteria have two components:

a) objective and measurable eligibility criteria based on performance against the six oversight themes using the relevant oversight metrics (the themes are: quality of care, access and outcomes; people; preventing ill-health and reducing inequalities; leadership and capability; finance and use of resources; local strategic priorities)

b) additional considerations focused on the assessment of system leadership and behaviours, and improvement capability and capacity. An NHS foundation trust will be in segment 3 or 4 only where it has been found to be in breach or suspected breach of its licence conditions.

HDFT has been placed in segment 2 as confirmed on 26th April 2024.

This segmentation information is the trust's position as at 26 April 2024. Current segmentation information for NHS trusts and foundation trusts is published on the NHS England website: https://www.england.nhs.uk/publication/nhs-systemoversight-framework-segmentation/.

**Jonathan Coulter**
**Chief Executive Officer**
**Harrogate and District NHS Foundation Trust**
**26 June 2024**

SECTION THREE

# Patients, Service Users and Stakeholders

# Section 3 – Patients, Service Users and Stakeholders

## 3.1 Complaints Handling

The Trust's aim is to 'get it right first time, every time'. The Trust recognises that listening to feedback from patients and carers can continuously improve services, ensure the patient voice is placed at the centre of care and can actively influence service development, and enhance the public perception of the Trust.

The Trust promotes pro-active, on the spot resolution of problems at a local level, thus reducing the need for patients/carers to raise issues in a more formal way. It is recognised that lessons must be captured from this type of feedback locally to promote sharing of learning and good practice. Quality of Care Teams, which are department-based teams of frontline staff, are encouraged to facilitate the resolution of issues in their own areas and promote learning.

Our new Complaints Policy is now in situ, alongside the Unreasonable Behaviour procedure which has been developed to support staff and services when handling habitual or challenging complainants.

During 2023, Patient Experience Team (PET) reviewed their processes in line with the new National NHS Complaints Standard Framework, set out by NHS England and the Parliamentary Health Service Ombudsman (PHSO). The PHSO delivered two training sessions to HDFT staff in July and October 2023, to introduce and outline the new framework. These were well attended and assurance was provided by the PHSO that HDFT are working within the updated framework.

An updated Complaints Process and Standard Operating Procedure has now been developed and ratified and is in use in PET.

In order to publicise the PET service, leaflets and posters are available in all departments across the Trust and in community locations. Patient Experience Volunteers (PEV), based at the front of Harrogate hospital in the Main Reception during normal working hours, support the team in capturing feedback and signpost any concerns or queries to the team.

For cases agreed as a formal complaint in partnership with the patient/carer/relative, appropriate consent is first obtained and a Triage and Resolution plan is agreed with the patient/complainant. An independent Lead Investigator is appointed by the relevant Directorate and a formal written acknowledgement is sent from the Chief Executive.

Local resolution may, for example, be achieved by means of a written investigation, a meeting with staff or a telephone call. The resolution plan is agreed between the complainant and Trust from the outset and must be proportionate to the issue raised.

Where there are serious risk management implications, or potential for a Patient Safety Incident or Claim, the Patient Experience Team will refer to the Patient Safety Team, to ensure appropriate action is taken in relation to any ongoing patient care or incident investigation.

If the complainant is not satisfied by the outcome, the complainant is entitled to request a further investigation by the Health Service Ombudsman. This request must be made within 12 months of the initial concern, unless there are extenuating circumstances.

If the person is not a patient, but is raising issues on behalf of a patient, PET requests that the patient has given consent to the complainant to bring the complaint on their behalf via a Form of Authority (consent form) or an alternative form of consent such as evidence of Power of Attorney. In exceptional cases, the Patient Experience Team will determine what investigation can proceed without consent and what information can be disclosed.

There is no time limit for giving feedback to the Trust for those issues which fall outside the Complaints Regulations. All feedback will be received and acted upon wherever possible to ensure learning and improvement for the organisation. Where the issue is coded as a complaint, the regulations set a time limit of 12 months from the event or awareness of the event, for making the complaint. The Trust, however, adopts a flexible attitude to complaints about incidents occurring outside this timescale.

Action plans are considered by the Directorates for each complaint which is raised and are required for all issues that have been upheld following investigation and quality assurance by the Directorate. Complaint trends and action plans, including those developed in response to Health Service Ombudsman reviews are reported to the Quality Summit and the Quality Governance Management Group on a regular basis and in turn to the Board of Directors.

## 3.2 Patient and Public Involvement

Patient and public involvement remains a vital part of our Trust's vision. As part of our revised quality governance structures, we have established the Making Experiences Count (MEC) Forum which oversees and supports much of our patient engagement activity. The MEC Forum reports into the Quality Governance Management Group, which has management responsibility for all aspects of quality (safety, effectiveness and patient experience). Each Directorate has developed a detailed action plan to improve patient experience for the gaps identified against the Patient Experience Improvement Framework.

Examples of the Trust's patient and public engagement in 2023-24 include:

- HDFT Reader Group – a new Reader Group was developed in 2023, made up of patients, volunteers, staff and young people. The purpose of the group is to review patient and carer literature, in order to directly support improvements in the information we provide and ensure it is accessible for the intended audience. The group has gone from strength to strength, with 35 members and counting. The group have already reviewed an array of literature and documents from services including Children's Cardiology, Podiatry, Cancer Services and Ophthalmology and are an integral part of the quality assessment processes in the Trust.
- HAPPI Project - Harrogate and District NHS Foundation Trust (HDFT) has won two major awards at the prestigious HTN Now 2023-24 Awards for its Harrogate Post Procedure Patient Innovation (HAPPI) Project; which celebrate

innovations, teams and health tech suppliers that are having an impact on health and care services. The ambition of the innovative HAPPI Project is bold – to change the culture of how surgeons communicate with patients after day case surgery, by sending a personalised video message on the day of their procedure. The project has been developed so that a solution can be used on a tablet or iPad to report back to patients from all specialities, focussing on a personalised video. By working with the new Patients Know Best (PKB) portal, to ensure the document is delivered through our secure patient engagement portal, the Trust is able to use the platform to develop libraries of information and frequently asked questions that can be shared and updated as needed

- Award-winning SEND FFT- HDFT Specialist Children's Services have recently received a NHS England National SEND - Health Innovation Award for their work in developing and implementing the Adapted (AAC) NHS Friends and Family Test for children and young people with complex SEND.
  This project aimed to develop an adapted Friends and Family Test for children and young people who do not use speech as their main form of communication, to ensure they are heard as part of the routine NHS feedback process. We wanted to develop tools to give a voice to children and young people who are historically marginalised due to their Alternative and Augmentative Communication (AAC) methods.

More information on patient engagement can be found in the Trust's Quality Account.

### 3.3 Stakeholder Relations

The Trust does not operate in isolation. We are part of a large and complex health and care system and we will only be successful if we work in collaboration and partnership. Our strategy must align with and support delivery of the national and system strategies, and complement those of our partners.

Due to the wide variety and geographical spread of our services, the Trust collaborates with partners across three Integrated Care Systems:

- **Humber and North Yorkshire Integrated Care System (HNY ICS)**

  Due to the location of our acute and adult community services in North Yorkshire, HDFT is formally a member of the HNY ICS, led by the HNY Integrated Care Board (ICB), although most of our acute patient pathways are into Leeds and West Yorkshire. A large proportion of the funding for our NHS services, including capital funding, flows through the HNY ICB.

  As an acute and community services provider, the Trust is a member of the HNY Collaborative of Acute Providers (CAP) and the HNY Community Collaborative. The HNY CAP also includes Yorkshire and Scarborough Teaching Hospitals NHS Foundation Trust (YSTHFT), Hull University Teaching Hospitals NHS Trust and North Lincolnshire and Goole NHS Foundation Trust, with the latter two now part of group structure. The Trust has significant collaborations with YSTHFT on:

  - Our joint electronic patient record programme;
  - Urgent and emergency care through a formal change to the ambulance catchment boundary so that more ambulances, from closer to York, bring patients to the HDFT emergency department;

- A joint stroke pathway with hyper acute stroke care for Harrogate patients provided by YSTHFT and Leeds Teaching Hospitals Trust (LTHT);
- Various services such as ear nose and throat, audiology and nephrology, where YSTHFT provides services to HDFT, and others such podiatry where HDFT provides the service to YSTHFT, and
- Support from YSTHFT on aseptic medicines production while we have been refurbishing our aseptic facility.

While there are opportunities to share good practice and ideas, the distance between Harrogate and the HUTH/NLAG means there are very limited patients flows and direct clinical links between us.

HNY ICS is made up of six places based on local authority areas. HDFT is part of North Yorkshire Place alongside North Yorkshire Council, Tees, Esk and Wear Valleys NHS Foundation Trust (TEWV), Yorkshire Ambulance Service (YAS) NHS Trust, primary care, the voluntary, community and social enterprise sector and other partners. North Yorkshire Place has identified four key priorities, which are reflected in the Trust's Strategy and objectives:

- A comprehensive and integrated health and social care model
- A high quality care sector with sufficient capacity to meet demand
- A strong workforce
- Prevention and public health: adding life to years and years to life

As the acute and community provider for Harrogate and District, HDFT has important roles as a health care provider and also as an anchor institution for our community. We have built strong links with local schools and education providers through volunteering and work experience. Our partnership with Harrogate College has supported training for our international nurses, the delivery of the Healthcare T Level, and the second year of our Project SEARCH supported internship programme.

The Harrogate and Rural District Local Care Partnership (HARD LCP) brings together partners across health, care and beyond to improve the health and wellbeing of the Harrogate and District population. This will build on our well-established partnership for older adult community and social care, the Harrogate and Rural Alliance (HARA). HARA has continued to develop its services and now provides a comprehensive range of community health services and social care services for older adults, including over 50 virtual ward beds for frailty and re-ablement. We agreed a one year extension to the HARA Section 75 Partnership Agreement with North Yorkshire County Council with the aim of developing a more extensive and ambitious partnership agreement over the next year.

- **West Yorkshire Health and Care Partnership**

Being located only 15 miles to the north, Harrogate has always had strong links with Leeds. HDFT has close links to LTHT. Until 2020, Harrogate and District was formally part of the West Yorkshire Health and Care Partnership and HDFT was a founder member of the West Yorkshire Association of Acute Trusts (WYAAT).

WYAAT is nationally recognised as a leading provider collaborative which brings together the six acute trusts in West Yorkshire and Harrogate: Airedale NHS Foundation Trust, Bradford Teaching Hospitals NHS Foundation Trust, Calderdale and Huddersfield NHS Foundation Trust, Leeds Teaching Hospitals NHS Trust, and Mid Yorkshire Hospitals NHS Trust, as well as HDFT. The WYAAT model is of collaboration between organisations built on trust, long-standing relationships and mutual benefits, without changes to structure or

organisational form such as mergers or group models. The WYAAT trusts collaborate on a wide range of programmes and issues including diagnostic imaging, pathology, elective care, non-surgical oncology and procurement. In 2023-24 we collaborated with our WYAAT partners on:

- A single laboratory information management system to connect pathology services in all six WYAAT trusts.
- A networked clinical model for non-surgical oncology to provide resilience and improved quality.
- A new, centralised aseptics production facility to manufacture aseptic pharmaceutical products at scale for all WYAAT trusts to improve safety, release nursing time and reduce costs.
- New elective theatres at Wharfedale Hospital, with HDFT committing to fully utilise one theatre.

HDFT has a significant number of patients from North Leeds, Wetherby and with the majority of our patient pathways for tertiary (specialist) hospital services, such as cancer, cardiothoracic surgery and neurosurgery, going to LTHT, our nearest, and most comprehensive, provider of tertiary services, membership of WYAAT will remain strategically important to us and our patients.

Our links to West Yorkshire have been further strengthened since 1 October 2022 because HDFT has been the provider of Children and Young People's Public Health Services in Wakefield, the first such service we have provided in West Yorkshire. During 2023-24 we completed the mobilisation and restructure of the Wakefield service to fully integrate it into HDFT and our wider children's public health services.

- **North East and North Cumbria Integrated Care System**

HDFT provides children's public health services to 7 local authorities in the North East: County Durham, Darlington, Middlesbrough, Stockton-On-Tees, Sunderland, Gateshead and Northumberland. Building on the success of our services, during 2023-24 we have established a Section 75 partnership arrangement with the local authority for Stockton-On-Tees and we will complete a second partnership with Gateshead local authority in May 2024. We have worked hard to improve our strategic relationships with our local authority partners, through the Directors of Public Health and membership of Health and Wellbeing Boards and Healthy Children's Boards. We continue to explore opportunities for long-term partnerships in all our contract areas and to expand our services where we can add value and improve care for children and families.

**Jonathan Coulter**
**Chief Executive Officer**
**Harrogate and District NHS Foundation Trust**
**26 June 2024**

SECTION FOUR

# Annual Statement on Remuneration

# 4. Annual Statement on Remuneration – Remuneration Report

## 4.1 Annual Statement on Remuneration

The Trust recognises that the remuneration policy is important and to ensure that the organisation can attract and retain skilled and experienced leaders. At the same time it is important to recognise the broader economic environment and the need to ensure that we deliver value for money.

The Board of Directors has established a Remuneration Committee with responsibilities which include the consideration of matters in relation to the remuneration and associated terms of service for Executive Directors, including the Chief Executive. The report outlines the approach adopted by the Remuneration Committee when setting the remuneration of the Executive Directors who have authority or responsibility for directing or controlling the major activities of the organisation.

The following posts have been designated as fitting the criteria by the Committee and are collectively referred to as the Executives within this report:

- Chief Executive
- Deputy Chief Executive (not a stand-alone post)
- Director of Finance
- Executive Medical Director
- Director of Nursing, Midwifery and AHPs
- Chief Operating Officer
- Director of Strategy and Transformation
- Director of People and Culture

The Committee is chaired by the Trust Chair and all of the Non-executive Directors are members of the Committee. The Chief Executive, Director of People and Culture and the Associate Director of Quality and Corporate Affairs (Company Secretary) support the workings of the Committee by providing discussions about the Board composition, succession planning, remuneration and performance of the Executive Directors. The Chief Executive and the Director of People and Culture are not present when discussions take place in relation to their own performance, remuneration or terms of service.

## 4.2 Remuneration Committee

The Remuneration Committee for Executive Directors meets as and when required. In 2023-24 the Committee met twice as per the table below:

### Attendance at Remuneration Committee Meetings 2023-24

| Board Member | Number of business meetings attended | 18 May 2023 | 2 August 2023 |
|---|---|---|---|
| Sarah Armstrong | 2/2 | ✓* | ✓* |
| Jeremy Cross | 2/2 | ✓ | ✓ |
| Chiara De Biase | 2/2 | ✓ | ✓ |
| Andrew Papworth | 2/2 | ✓ | ✓ |
| Laura Robson | 2/2 | ✓ | ✓ |
| Wallace Sampson OBE | 2/2 | ✓ | ✓ |

| | | | |
|---|---|---|---|
| Richard Stiff | 1/1 | ✓ | |
| Azlina Bulmer | 1/2 | ✓ | - |
| Kama Melly | 1/2 | - | ✓ |
| Julia Weldon | 0/2 | - | - |

* indicates Chair of the meeting
- indicates apologies at the meeting

The Committee undertakes periodic reviews of the salary levels of the Executive Directors including the Chief Executive whilst taking into account the overall performance of the Trust as well as individual performance of directors and published benchmarking information.

The Remuneration Committee is a Committee of the Board of Directors and the key outcomes of this Committee are shared with the full Board of Directors.

The Trust's Remuneration Committee has an agreed Terms of Reference, which includes specific aims and objectives. The role of the Remuneration Committee is to make such recommendations to the Board of Directors on remuneration, allowances and terms of service to ensure that Directors are fairly rewarded for their individual contribution to the Trust, having proper regard to the Trust's circumstances and performance to the provision of any national agreements or regulatory requirements where appropriate.

The Committee monitors and evaluates performance and development of the Chief Executive and all Executive Directors and advises on and oversees appropriate contractual arrangements. This includes the proper calculation and scrutiny of termination payments, as appropriate in the light of available guidance, all aspects of salary (including any performance related element) and the provision of other benefits, including pensions.

The Committee follows the Trust diversity and inclusion Policy that links to the revised Trust Strategy. Further details of the work ongoing in relation to equality and diversity are included in the People section of this report.

## 4.3 Remuneration Policy

The Trust's remuneration policy applies equally to Non-executive Director and Executive Director posts and is based upon open, transparent and proportionate pay decisions. All pay decisions are based on market intelligence and are designed to be capable of responding flexibly to recruitment imperatives to secure high calibre people.

When setting levels of remuneration, the Remuneration Committee takes into account the remuneration policies and practices applicable to other employees, along with any guidance received from the sector regulator and NHS England. The Committee also receives professional independent reports based on objective evidence of pay benchmarking across a range of industry comparators. The conclusions reached in professional independent reports is that "weightings accredited to the various posts in relation to market comparisons had resulted in remuneration that is in line with current pay practices".

The Trust has well-established performance management arrangements. Every year the Chief Executive undertakes an appraisal for each of the Executive Directors. The Chief Executive is appraised by the Chair of the Trust.

The Trust does not have a system of performance related pay and therefore any discussion on remuneration on an individual's performance is considered alongside the performance of the Executive Directors and the organisation as a whole.

The Executive Directors are employed on permanent contracts with up to six months' notice period. In any event where a contract is terminated without the Executive Director receiving full notice, compensation would be limited to the payment of the salary for the contractual notice period. There would be no provision for any additional benefit over and above standard pension arrangements in the event of early retirement. Non-executive Directors are requested to provide six months' notice should they wish to resign before the end of their term of office. They are not entitled to any compensation for early termination. The Trust has no additional service contract obligations.

In accordance with NHS England guidance, the Trust will seek an opinion concerning remuneration of any director who is paid more than £150,000.

Information on the salary and pensions contributions of all Executive and Non-executive Directors are provided in the tables on the following pages. The information in these tables has been subject to audit by the external auditors, Azets Audit Services.

## 4.4 Annual Report on Remuneration (Senior Managers including Pension Disclosure) – Subject to audit

Single Total Figure of Remnumeration – 2023-24 (Subject to Audit):

| Name and Title | 2023/24 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Salary | National Clinical Excellence Awards | Taxable benefits | Annual Performance Related Bonuses | Long Term Performance Related Bonuses | Total Salary and taxable benefits in year | Pension related benefits | Total |
| | (bands of £5,000) £'000s | (bands of £5,000) £'000s | Rounded to the nearest £100 | (bands of £5,000) £'000s | (bands of £5,000) £'000s | (bands of £5,000) £'000s | (bands of £2,500) £'000s | (bands of £5,000) £'000s |
| Mr. J Coulter - Chief Executive | 190-195 | - | - | - | - | 190-195 | 0 | 190-195 |
| Dr. J Andrews - Medical Director | 165-170 | 35-40 | - | - | - | 200-205 | 0 | 200-205 |
| Mrs. E Nunez - Director of Nursing, Midwifery and AHPs, Deputy Chief Executive | 140-145 | - | - | - | - | 140-145 | 0 | 140-145 |
| Mr. R Nightingale - Chief Operating Officer | 120-125 | - | - | - | - | 120-125 | 0 | 120-125 |
| Ms. A Wilkinson - Director of Workforce and Organisational Development | 115-120 | - | - | - | - | 115-120 | 50-52.5 | 165-175 |
| Mr. M Graham - Director of Strategy | 120-125 | - | - | - | - | 120-125 | 0 | 120-125 |
| Mr. J McKie - Director of Finance | 130-135 | - | - | - | - | 130-135 | - | 130-135 |
| Ms. A Gillett - Subsidiary Managing Director | 100-105 | - | - | - | - | 100-105 | - | 100-105 |
| Ms. S Armstrong - Chair | 45-50 | - | - | - | - | 45-50 | - | 45-50 |
| Mr. M Chamberlain - Subsidiary Chairman | 10-15 | - | - | - | - | 10-15 | - | 10-15 |
| Mr. R Stiff - Non-Executive Director / Audit Committee Chair | 10-15 | - | - | - | - | 10-15 | - | 10-15 |
| Mrs. L Hind - Subsidiary Non-Executive Director | 0-5 | - | - | - | - | 0-5 | - | 0-5 |
| Mr. R Taylor - Subsidiary Non-Executive Director | 5-10 | - | - | - | - | 5-10 | - | 5-10 |
| Mr. G Barrett - Subsidiary Non-Executive Director | 0-5 | - | - | - | - | 0-5 | - | 0-5 |
| Ms. L Robson - Non-Executive Director | 15-20 | - | - | - | - | 15-20 | - | 15-20 |
| Mr. J Cross - Non-Executive Director | 15-20 | - | - | - | - | 15-20 | - | 15-20 |
| Mr. W Sampson - Non-Executive Director | 15-20 | - | - | - | - | 15-20 | - | 15-20 |
| Miss. C De Biase - Non-Executive Director / Audit Committee Chair | 15-20 | - | - | - | - | 15-20 | - | 15-20 |
| Mrs. J Weldon - Non-Executive Director | 10-15 | - | - | - | - | 10-15 | - | 10-15 |
| Mr. A Papworth - Non-Executive Director | 15-20 | - | - | - | - | 15-20 | - | 15-20 |

## Remuneration----------

| |
|---|
| (1) The median salary for all staff in 2023-24 was £37,350. The median salary for all staff in 2022-23 was £37,633. The median calculation is the annualised full time remuneration of all staff in the Trust as at 31 March 2024 (excluding the highest paid Director). The ratio is based on the total salary and benefits in year. Further details are in section 4.2.1. |
| (2) Mr J Coulter commenced as Chief Executive on 7th June 2023. |
| (3) Dr J Andrews undertakes sessions as a Rheumatologist at the Trust as well as the Medical Director role. |
| (4) Mrs E Nunez commenced as Deputy Chief Executive on 7th June 2023. |
| (5) Mr J McKie commenced as Director of Finance on 19th July 2023. |
| (6) Mr R Stiff left the Trust on 31st July 2023. |
| (7) Miss C De Biase commenced as Audit Committee Chair on 1st August 2023. |
| The Trust does not pay any performance related bonuses or payments. |

## Remuneration----------

Single Total Figure of Remuneration 2022-23 – Subject to Audit:

| Name and Title | 2022/23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Salary | National Clinical Excellence Awards | Taxable benefits | Annual Performance Related Bonuses | Long Term Performance Related Bonuses | Total Salary and taxable benefits in year | Pension related benefits | Total |
| | (bands of £5,000) £'000s | (bands of £5,000) £'000s | Rounded to the nearest £100 | (bands of £5,000) £'000s | (bands of £5,000) £'000s | (bands of £5,000) £'000s | (bands of £2,500) £'000s | (bands of £5,000) £'000s |
| Mr. S Russell - Chief Executive (2) | - | - | - | - | - | - | - | - |
| Mr. J Coulter - Deputy Chief Executive & Finance Director, Acting Chief Executive (3) | 180-185 | - | - | - | - | 180-185 | 135-137.5 | 315-320 |
| Dr. J Andrews - Medical Director (4) | 150-155 | 35-40 | - | - | - | 185-190 | 27.5-30 | 215-220 |
| Mrs. E Nunez - Director of Nursing, Midwifery and AHPs (7) | 125-130 | - | - | - | - | 125-130 | 2.5-5 | 125-130 |
| Mr. R Nightingale - Chief Operating Officer (10) | 120-125 | - | - | - | - | 120-125 | 30-32.5 | 155-160 |
| Ms. A Wilkinson - Director of Workforce and Organisational Development | 110-115 | - | - | - | - | 110-115 | 65-67.5 | 175-180 |
| Mr. M Graham - Director of Strategy (12) | 115-120 | - | - | - | - | 115-120 | 30-32.5 | 145-150 |
| Mr. J McKie - Acting Director of Finance (13) | 120-125 | - | - | - | - | 120-125 | 127.5-130 | 250-255 |
| Ms. A Gillett - Subsidiary Managing Director (14) | 50-55 | - | - | - | - | 50-55 | -22.5- -25 | 25-30 |
| Ms. S Armstrong - Chair (5) | 45-50 | - | - | - | - | 45-50 | - | 45-50 |
| Mr. M Chamberlain - Subsidiary Chairman (11) | 10-15 | - | - | - | - | 10-15 | - | 10-15 |
| Mr. R Stiff - Non-Executive Director / Audit Committee Chair | 15-20 | - | - | - | - | 15-20 | - | 15-20 |
| Mrs. L Hind - Subsidiary Non-Executive Director | 0-5 | - | - | - | - | 0-5 | - | 0-5 |
| Mr. R Taylor - Subsidiary Non-Executive Director | 0-5 | - | - | - | - | 0-5 | - | 0-5 |
| Mr. G Barrett - Subsidiary Non-Executive Director (8) | 0-5 | - | - | - | - | 0-5 | - | 0-5 |
| Ms. L Robson - Non-Executive Director | 15-20 | - | - | - | - | 15-20 | - | 15-20 |
| Mr. J Cross - Non-Executive Director | 15-20 | - | - | - | - | 15-20 | - | 15-20 |
| Mr. W Sampson - Non-Executive Director | 10-15 | - | - | - | - | 10-15 | - | 10-15 |
| Miss. C De Biase - Non-Executive Director (9) | 5-10 | - | - | - | - | 5-10 | - | 5-10 |
| Mrs. J Weldon - Non-Executive Director (15) | 0-5 | - | - | - | - | 0-5 | - | 0-5 |
| Mr. A Papworth - Non-Executive Director | 15-20 | - | - | - | - | 15-20 | - | 15-20 |

(1) The median salary for all staff in 2022/23 was £37,633. The median salary for all staff in 2021/22 was £32,306. The median calculation is the annualised full time remuneration of all staff in the Trust as at 31 March 2023 (excluding agency staff), excluding the highest paid Director. The ratio is based on the total salary and benefits in year. Further details are in section 4.2.4.

(2) Mr S. Russell commenced a secondment with NHS England on 28 February 2022. His earnings have been included for the period he was Chief Executive only.

(3) Mr J. Coulter commenced as Acting Chief Executive from 28 February 2022. Mr J. Coulter subsequently became Chief Executive from 11th May 2023.

| | |
|---|---|
| (4) | Dr J. Andrews commenced as Medical Director on 15th June 2020. Dr J. Andrews undertakes sessions as a Rheumatologists at the Trust, as well as the Medical Director role. |
| (5) | Ms S. Armstrong commenced as Trust Chair on 1st April 2022. |
| (6) | Mrs M. Taylor left the Trust on 30th September 2022. |
| (7) | Mrs E. Nunez commenced as Director of Nursing, Midwifery and AHPs from 1st November 2021. Prior to this Mrs Nunez was in the role on a secondment basis. Subsequently, Mrs Nunez commenced as Acting Deputy Chief Executive from 28th February 2022. Mr Nunez became substantive Deputy Chief Executive from 6th June 2023. |
| (8) | Mr G Barrett commenced as Subsidiary Non-Executive Director on 24th May 2022. |
| (9) | Miss C. De Biase commenced as Non-Executive Director on 3rd October 2023. |
| (10) | Mr R. Nightingale commenced as Chief Operating Officer on 5th April 2021. |
| (11) | Mr M. Chamberlain commenced as Chairman of the Trusts Subsidiary on 1st July 2020. |
| (12) | Mr M. Graham commenced as Director of Strategy from 13th September 2021. |
| (13) | Mr J. Mckie commenced as Acting Director of Finance from 28th February 2022. |
| (14) | Ms A. Gillett commenced as Subsidiary Managing Director from 1st April 2021. |
| (15) | Mr J. Weldon commenced as Non-Executive Director on 7th November 2023. |

Total Pension Entitlement 2023-24 – Subject to Audit:

| Name and title | Real increase in pension at pension age (bands of £2,500) £000 | Real increase in pension lump sum at pension age (bands of £2,500) £000 | Total accrued pension at pension age at 31 March 2024 (bands of £5,000) £000 | Lump sum at pension age related to accrued pension at 31 March 2024 (bands of £5,000) £000 | Cash Equivalent Transfer Value at 31 March 2024 £000 | Cash Equivalent Transfer Value at 31 March 2023 £000 | Real Change in Cash Equivalent Transfer Value £000 | Employer's contribution to stakeholder pension to nearest £100 |
|---|---|---|---|---|---|---|---|---|
| Mr. Jonathan Coulter - Chief Executive | -5- -7.5 | 42.5-45 | 75-80 | 205-210 | 1,806 | 1,420 | 217 | £Nil |
| Dr Jacqueline Andrews - Medical Director | -6.25- -6.5 | 32.5-35 | 55-60 | 150-155 | 1,324 | 1,051 | 143 | £Nil |
| Ms Angela Wilkinson - Director of Workforce and Organisational Development | 2.5-5 | £Nil | 55-60 | £Nil | 1,033 | 799 | 146 | £Nil |
| Mr Russell Nightingale - Chief Operating Officer | -1- -1.25 | £Nil | 30-35 | £Nil | 417 | 363 | 1 | £Nil |
| Mr Matthew Graham - Director of Strategy | -2- -2.25 | £Nil | 30-35 | £Nil | 492 | 392 | 43 | £Nil |
| Mrs Emma Nunez - Director of Nursing, Midwifery and AHPs & Deputy Chief Executive | -6- -6.25 | 20-22.5 | 25-30 | 80-85 | 642 | 449 | 145 | £Nil |

## 4.5 Fair Pay Declaration – subject to audit

Reporting bodies are required to disclose the relationship between the total remuneration of the highest-paid director/member in their organisation against the 25th percentile, median and 75th percentile remuneration of the organisation's workforce. The banded remuneration of the highest paid director in HDFT in the financial year 2023-24 was £200-205k (2022-23, £185-190k).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in kind, but not severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

For employees of the Trust as a whole, the range of remuneration in 2023-24 was from £7k to £234k. The percentage change in average employee remuneration (based on total for all employees on an annualised basis divided by full time equivalent number of employees) between years is a 3% increase.10 employees received remuneration in excess of the highest-paid director in 2023-24.

The remuneration of the employee at the 25th percentile, median and 75th percentile is set out below. The pay ratio shows the relationship between the total pay and benefits of the highest paid director (excluding pension benefits) and each point in the remuneration range for the organisation's workforce.

Pension Entitlement 2023-24 & 2022-23 – Subject to Audit:

| 2023/24 | 25th Percentile | Median | 75th Percentile |
|---|---|---|---|
| Total Remuneration (£) | 28,407 | 37,350 | 50,056 |
| Salary Component of total remunerations (£) | 28,407 | 37,350 | 50,056 |
| Pay Ratio information | 6.91 | 5.26 | 3.92 |
| | | | |
| **2022/23** | **25th Percentile** | **Median** | **75th Percentile** |
| Total Remuneration (£) | 28,058 | 37,633 | 49,975 |
| Salary Component of total remunerations (£) | 28,058 | 37,633 | 49,975 |
| Pay Ratio information | 6.77 | 5.05 | 3.80 |

## 4.6 Payments to Past Senior Managers, Subject to audit

As detailed in section 4.4.

## 4.7 Payments for Loss of Office, Subject to audit

There have been no payments made for loss of office.

**Jonathan Coulter**
**Chief Executive Officer**
**Harrogate and District NHS Foundation Trust**
**26 June 2024**

# SECTION FIVE

# People

# 5. Staff Report

## 5.1 Overview

To support the Trust's purpose of the Patient and Child First our ambition is to make HDFT The Best Place to Work. Our People Plan sets our areas of priority and focus to enable us to achieve this ambition. These are:

| People Plan Pillar | |
|---|---|
| Looking After Our People | Physical and emotional support to be 'At Our Best' including health and wellbeing provided by Occupational Health & Wellbeing Services, Health & Safety to provide a safe working environment and support for mental health. |
| Belonging in the NHS | Developing team with excellent leadership, where everyone is valued and recognised, where diversity is celebrated and where colleagues feel included and proud to work. |
| New Ways of Working | Ensuring we have the right people with the right skills in the right roles by planning and designing our workforce, recruiting great colleagues and developing medical associated and advance practice roles. |
| Growing for the Future | Ensuring that our colleagues are able to reach their full potential through career development pathways, talent management and being an excellent place to learn and develop for both existing colleagues and the NHS workforce of the future. |

By focusing on the above areas, and ensuring that we have people management processes in place that are designed to meet the seven elements of the National NHS People Promise, we will continually improve our working environment to make HDFT The Best Place to Work.

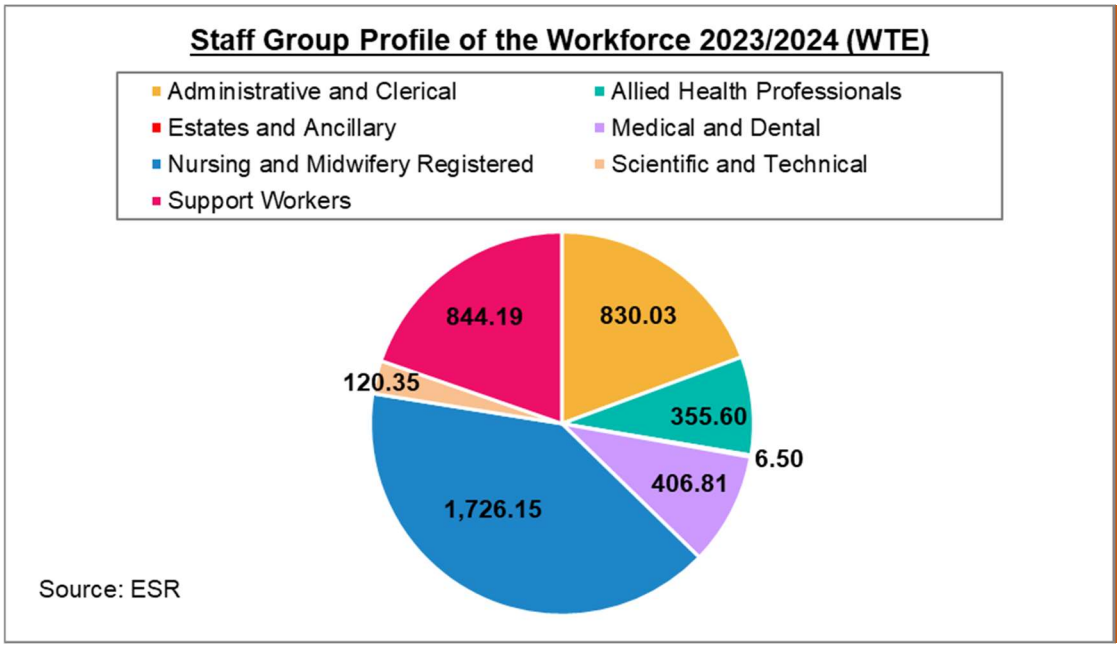

## 5.2 Analysis of Staff Numbers as at 31 March 2024, Subject to audit

Analysis of Staff Numbers – subject to audit

| | Total 2023/24 | Permanently Employed | Other | Total 2022/23 | Permanently Employed | Other |
|---|---|---|---|---|---|---|
| | Number | Number | Number | Number | Number | Number |
| Medical and dental | 447 | 425 | 22 | 407 | 378 | 30 |
| Ambulance staff | 4 | 4 | 0 | 1 | 1 | 0 |
| Administration and estates | 818 | 801 | 17 | 773 | 751 | 22 |
| Healthcare assistants and other support staff | 436 | 436 | 0 | 412 | 412 | 0 |
| Nursing, midwifery and health visiting staff | 2,175 | 2,101 | 74 | 2,024 | 1,965 | 59 |
| Nursing, midwifery and health visiting learners | 61 | 61 | 0 | 47 | 47 | 0 |
| Scientific, therapeutic and technical staff | 566 | 566 | 0 | 533 | 533 | 0 |
| Healthcare science staff | 106 | 103 | 3 | 102 | 101 | 1 |
| Social care staff | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 12 | 12 | 0 |
| **Total** | **4,613** | **4,497** | **116** | **4,311** | **4,199** | **113** |

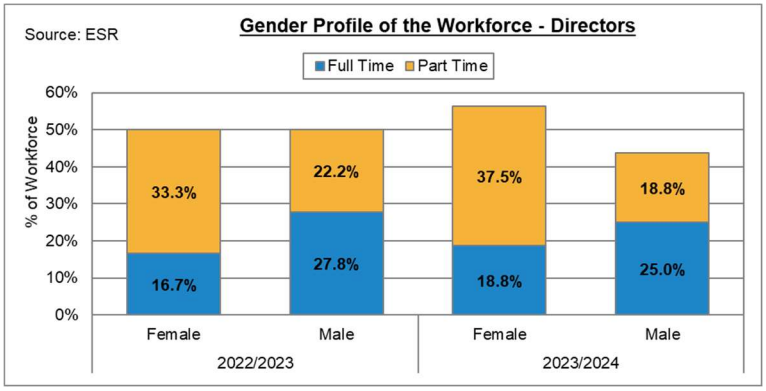
## Analysis of Staff Costs, subject to audit

| Employee Expenses | Total 2023/24 £000 | Permanently Employed £000 | Other £000 | Total 2022/23 £000 | Permanently Employed £000 | Other £000 |
|---|---|---|---|---|---|---|
| Salaries and wages | 203,939 | 200,998 | 2,941 | 191,048 | 188,715 | 2,333 |
| Annual Leave Accrual | 776 | 776 | 0 | 4,341 | 4,341 | 0 |
| Social Security costs (Employers NI costs) | 19,408 | 19,408 | 0 | 17,223 | 17,223 | 0 |
| Apprenticeship levy | 974 | 974 | 0 | 846 | 846 | 0 |
| Pension cost - employer contributions to NHS pension scheme | 23,132 | 23,132 | 0 | 20,448 | 20,448 | 0 |
| Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%) | 9,910 | 9,910 | 0 | 8,818 | 8,818 | 0 |
| Pension cost - other | 262 | 262 | 0 | 309 | 309 | 0 |
| Termination benefits | 30 | 30 | 0 | 144 | 144 | 0 |
| External bank | 0 | 0 | 0 | 46 | 0 | 46 |
| Agency/contract staff | 7,793 | 0 | 7,793 | 10,911 | 0 | 10,911 |
| **Total employee expenses** | **266,224** | **255,490** | **10,734** | **254,134** | **240,845** | **13,290** |



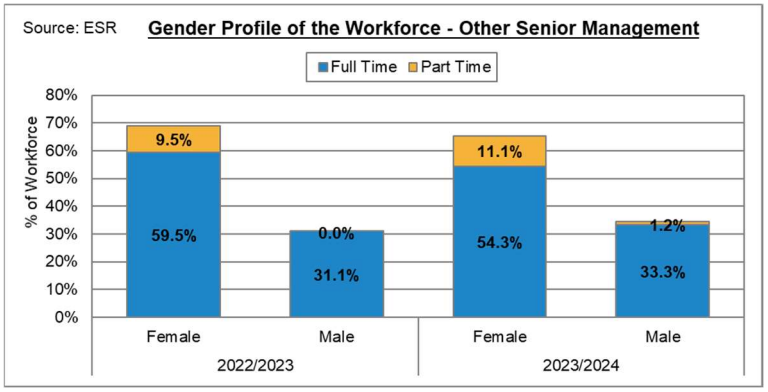
## 5.3 Analysis of Male and Female Directors, Other Senior Managers and Employees as at 31 March 2024

The graph and table below gives a breakdown of the number of Directors, including Non-Executive Directors, by gender, as at 31 March 2024.



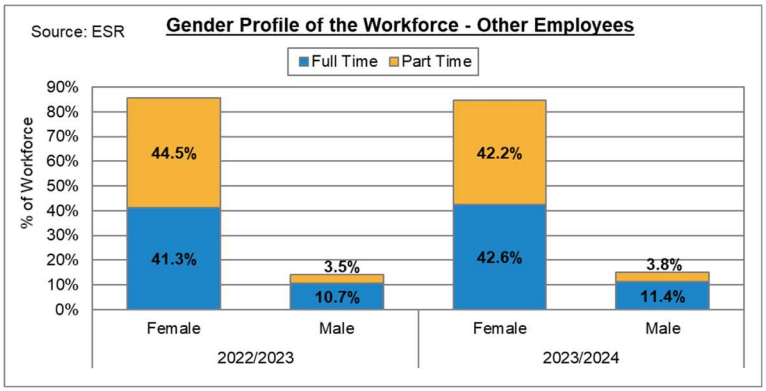

| Gender | Category | 2022/2023 | 2023-24 |
|---|---|---|---|
| **DIRECTORS** | | **Headcount** | **Headcount** |
| Female | Full Time | 3 | 3 |
| | Part Time | 6 | 6 |
| Male | Full Time | 5 | 4 |
| | Part Time | 4 | 3 |
| **TOTAL** | | **18** | **16** |

The graph and table below gives a breakdown of the number of other senior management, by gender, as at 31 March 2024.




| Gender | Category | 2022/2023 | 2023-24 |
|---|---|---|---|
| **OTHER SNR MANAGEMENT** | | **Headcount** | **Headcount** |
| Female | Full Time | 44 | 44 |
| | Part Time | 7 | 9 |
| Male | Full Time | 23 | 27 |
| | Part Time | 0 | 1 |
| **TOTAL** | | **74** | **81** |

The graph and table below gives a breakdown of the number of other employees, by gender, as at 31 March 2024.



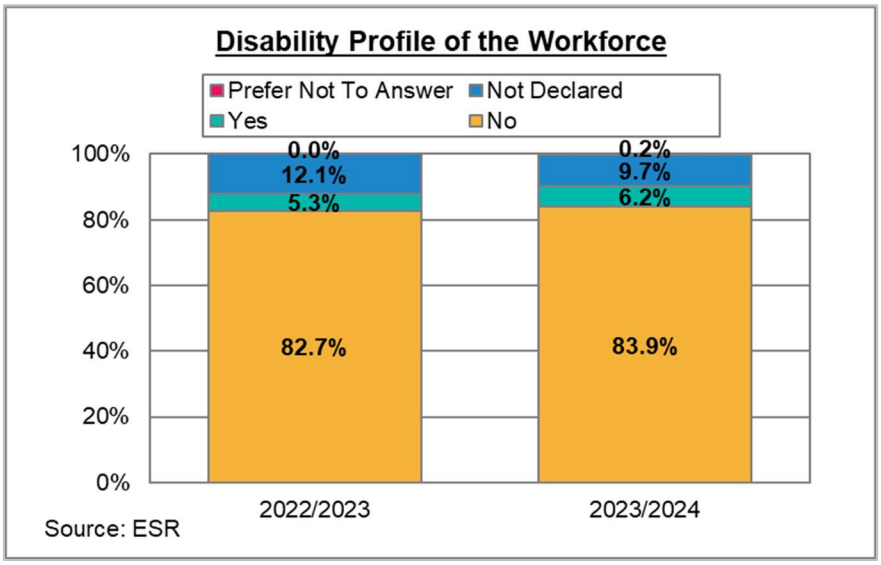

| Gender | Category | 2022/2023 | 2023-24 |
|---|---|---|---|
| **OTHER EMPLOYEES** | | **Headcount** | **Headcount** |
| Female | Full Time | 1,950 | 2,104 |
| | Part Time | 2,104 | 2,086 |
| Male | Full Time | 508 | 565 |
| | Part Time | 165 | 187 |
| **TOTAL** | | **4,727** | **4,942** |

## 5.4 Sickness Absence Data as at 31 March 2024

| Directorate | Sickness Rate % | | | | Annual Sickness Rate % |
|---|---|---|---|---|---|
| | Q1 23/24 | Q2 23/24 | Q3 23/24 | Q4 23/24 | |
| Community and Children's | 5.84% | 6.25% | 6.33% | 6.06% | **6.12%** |
| Corporate Services | 2.51% | 2.80% | 3.91% | 3.32% | **3.13%** |
| Long Term and Unscheduled Care | 3.97% | 4.14% | 4.90% | 4.88% | **4.49%** |
| Planned and Surgical Care | 3.87% | 3.96% | 4.87% | 4.97% | **4.43%** |
| **TOTAL** | **4.52%** | **4.78%** | **5.35%** | **5.18%** | **4.97%** |

*Key*
Q1 23/24 – April 2023 to June 2023
Q2 23/24 – July 2023 to September 2023
Q3 23/24 – October 2023 to December 2023
Q4 23/24 – January 2024 to March 2024

## 5.5 Analysis of Disability Profile of the Workforce as at 31 March 2024



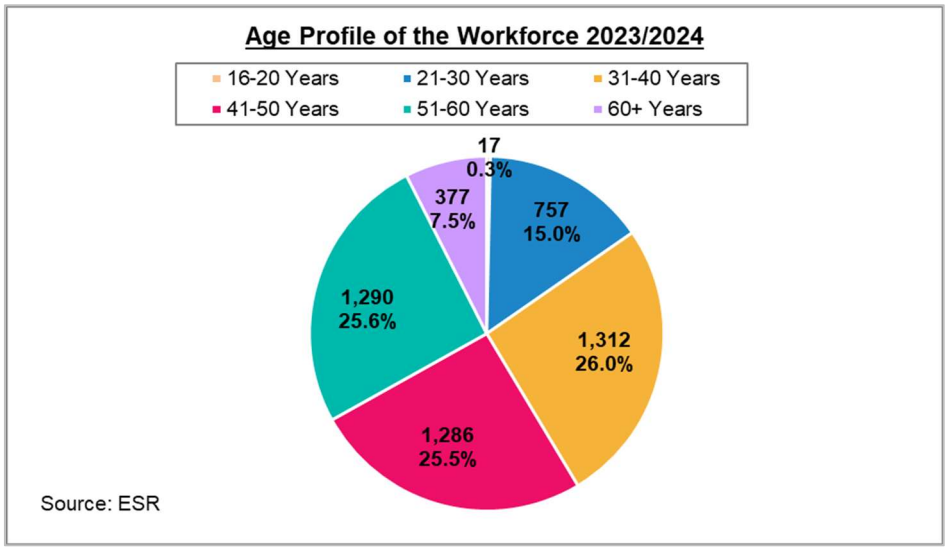

The table below gives a breakdown of the number of employees registered as having a disability as at 31 March 2024.

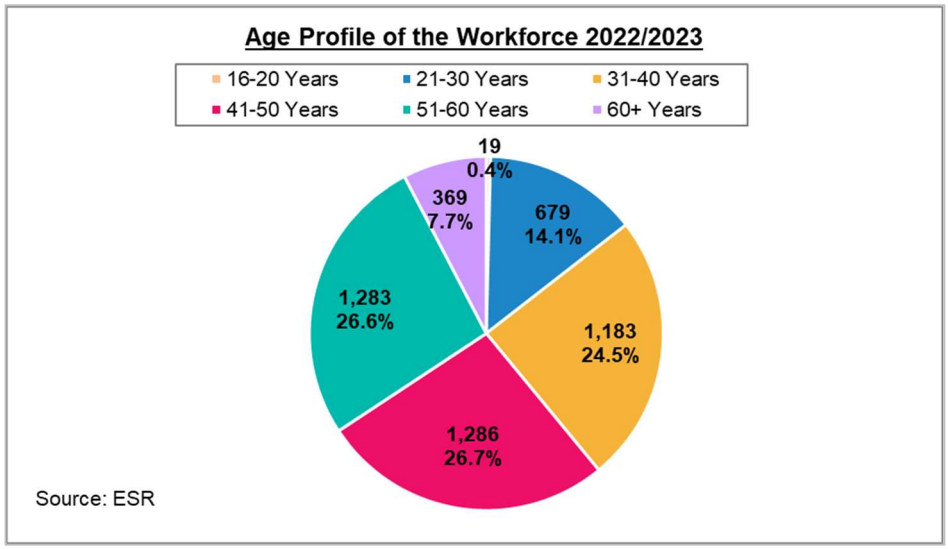
| Disabled | 2022/2023 | 2023-24 |
|---|---|---|
| | Headcount | Headcount |
| No | 3,984 | 4,228 |
| Yes | 253 | 310 |
| Not Declared | 582 | 491 |
| Prefer Not to Answer | 0 | 10 |
| **TOTAL** | **4,819** | **5,039** |

There has simultaneously been an increase in the number of employees disclosing their disability or long-term condition, and a reduction in “not declared” on Employee Self-Service Records.

## 5.6 Analysis of the Age Profile of the Workforce as at 31 March 2024

| | 2022/2023 | | 2023-24 | |
|---|---|---|---|---|
| Age Band | Headcount | % of Workforce | Headcount | % of Workforce |
| 16-20 Years | 19 | 0.4% | 17 | 0.3% |
| 21-30 Years | 679 | 14.1% | 757 | 15.0% |
| 31-40 Years | 1,183 | 24.5% | 1,312 | 26.0% |
| 41-50 Years | 1,286 | 26.7% | 1,286 | 25.5% |
| 51-60 Years | 1,283 | 26.6% | 1,290 | 25.6% |
| 60+ Years | 369 | 7.7% | 377 | 7.5% |
| **TOTAL** | **4,819** | | **5,039** | |



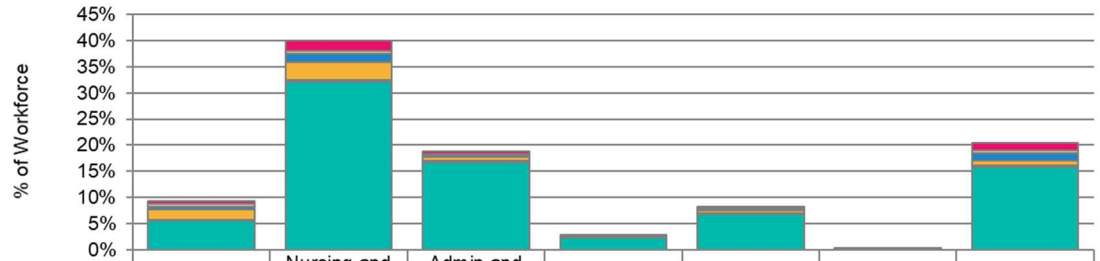

The majority of trust staff are aged between 31 and 60. More than 33% of staff are aged over 51, highlighting the importance of age inclusion. The Trust has seen a rise in the number of staff aged 51 and over, aligning with the national trend described by NHS Employers; this increase is primarily attributed to the rising cost of living.

## 5.7 Analysis of the Ethnicity Profile of the Workforce as at 31 March 2024

The total number of BME employees in the Trust continues to increase year on year; the increase in the BME workforce is more significant compared to the increase in the white workforce. Despite the growing workforce, there has been a reduction in colleagues not declaring their ethnicity.

Source: ESR

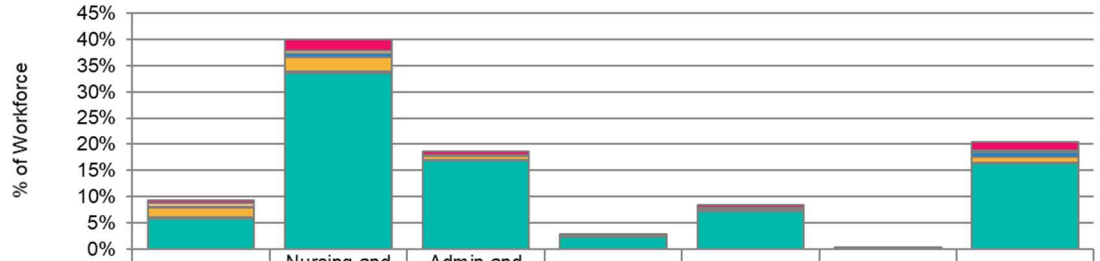
**Ethnicity Profile of the Workforce 2023/2024**




| | Medical and Dental | Nursing and Midwifery Registered | Admin and Clerical (Inc Managemt) | Scientific and Technical | Allied Health Professionals | Estates and Ancillary | Support Workers |
|---|---|---|---|---|---|---|---|
| Not Stated | 0.6% | 1.9% | 0.7% | 0.2% | 0.5% | 0.0% | 1.4% |
| Other | 0.5% | 0.6% | 0.1% | 0.1% | 0.1% | 0.0% | 0.6% |
| Black/Black British | 0.4% | 1.7% | 0.3% | 0.0% | 0.2% | 0.0% | 1.3% |
| Asian/Asian British | 2.0% | 3.4% | 0.8% | 0.2% | 0.5% | 0.0% | 1.1% |
| Mixed | 0.2% | 0.2% | 0.3% | 0.0% | 0.1% | 0.0% | 0.3% |
| White | 5.5% | 32.2% | 16.7% | 2.3% | 6.8% | 0.2% | 15.8% |

Source: ESR

**Ethnicity Profile of the Workforce 2022/2023**




| | Medical and Dental | Nursing and Midwifery Registered | Admin and Clerical (Inc Managemt) | Scientific and Technical | Allied Health Professionals | Estates and Ancillary | Support Workers |
|---|---|---|---|---|---|---|---|
| Not Stated | 0.6% | 2.1% | 0.7% | 0.2% | 0.6% | 0.0% | 1.7% |
| Other | 0.6% | 0.5% | 0.1% | 0.0% | 0.1% | 0.0% | 0.4% |
| Black/Black British | 0.3% | 0.9% | 0.2% | 0.0% | 0.1% | 0.0% | 0.8% |
| Asian/Asian British | 1.8% | 2.7% | 0.7% | 0.2% | 0.4% | 0.0% | 1.1% |
| Mixed | 0.2% | 0.3% | 0.2% | 0.0% | 0.1% | 0.0% | 0.2% |
| White | 5.8% | 33.6% | 16.8% | 2.3% | 7.2% | 0.2% | 16.4% |

| HEADCOUNT 2023-24 | Medical and Dental | Nursing and Midwifery Registered | Admin and Clerical (incl. Management) | Scientific and Technical | Allied Health Profess-ionals | Estates and Ancillary | Support Workers | Total |
|---|---|---|---|---|---|---|---|---|
| White | 276 | 1622 | 841 | 114 | 343 | 10 | 796 | **4,002** |
| Mixed | 12 | 12 | 16 | 1 | 6 | 0 | 13 | **60** |
| Asian/Asian British | 103 | 172 | 42 | 11 | 26 | 0 | 53 | **407** |
| Black/Black British | 21 | 85 | 15 | 2 | 12 | 0 | 68 | **203** |
| Other | 27 | 31 | 5 | 3 | 5 | 0 | 29 | **100** |
| Not Stated | 29 | 96 | 34 | 8 | 26 | 1 | 73 | **267** |
| **TOTAL** | **468** | **2,018** | **953** | **139** | **418** | **11** | **1,032** | **5,039** |

| HEADCOUNT 2022/2023 | Medical and Dental | Nursing and Midwifery Registered | Admin and Clerical (incl. Management) | Scientific and Technical | Allied Health Profess-ionals | Estates and Ancillary | Support Workers | Total |
|---|---|---|---|---|---|---|---|---|
| White | 279 | 1,618 | 809 | 110 | 348 | 10 | 789 | **3,963** |
| Mixed | 9 | 14 | 10 | 2 | 3 | 0 | 8 | **46** |
| Asian/Asian British | 88 | 130 | 33 | 9 | 18 | 0 | 51 | **329** |
| Black/Black British | 14 | 41 | 12 | 2 | 6 | 0 | 38 | **113** |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Other | 29 | 26 | 3 | 2 | 3 | 0 | 20 | **83** |
| Not Stated | 29 | 100 | 34 | 11 | 27 | 1 | 83 | **285** |
| **TOTAL** | **448** | **1,929** | **901** | **136** | **405** | **11** | **989** | **4,819** |

## 5.8 Starters and Leavers 2023-24

| | Headcount | FTE |
|---|---|---|
| Starters | 656 | 571.39 |
| Leavers | 474 | 378.18 |

Exclusions applied:

- Retire and Returns
- Locum Medical and Dental staff
- Bank Staff
- Doctors in training
- Fixed Term Contracts
- TUPE Transfers in/out

## 5.9 Trade Union Facility Time Disclosures

**Relevant Union Officials**

| Number of employees who were relevant union officials during the reporting period | Full-time equivalent employee number |
|---|---|
| 17 | 15.21 |

**Percentage of time spent on facility time**

| Percentage of time | Employees |
|---|---|
| 0% | 12 |
| 1-50% | 5 |
| 51-99% | 0 |
| 100% | 0 |

**Percentage of pay bill spend on facility time**

| | Figures |
|---|---|
| Provide the total cost of facility time | 22058.48 |
| Provide the total pay bill | 187802581.00 |
| Provide the percentage of the total pay bill spend on facility time, calculated as: (total cost of facility time divided by total pay bill) x 100 | 0.01 |

**Paid Trade Union Activities**

| Total spent on paid trade union activities as a percentage of total paid facility time hours calculated as: | |
|---|---|
| the relevant period divided by total paid facility time hours) x 100 | 98.02 |

## 5.10 National Staff Survey

### Staff experience, engagement and involvement

The main method of gauging staff experience, engagement and involvement is through the quarterly Pulse surveys. The Trust has run these surveys using the Inpulse Survey platform since 2022. They are run three times per annum asking the nine Pulse survey questions alongside other questions (over 20 in total).

The Inpulse survey platform is well-embedded into the survey cycle within the Trust, and part of its functionality gives team and departmental managers the ability to view the results from their team providing ten or more people within a team complete the survey. Such accessibility of the quarterly Inpulse survey results plays a large part in engaging staff to complete the survey. In addition the Trust commits significant resource and effort into promoting the quarterly and National Staff surveys, and communicating their results.

The accessibility of the quarterly survey results at a local level makes it practical to generate a sense of ownership of the surveys and their results within Directorates, departments and teams, and response rates are trending upwards.

Senior leaders within Directorates are well-versed in sharing a summary of their national and quarterly survey results, and actions they have taken to improve staff experience, at an extended Senior Management Team meeting. This takes place once a year.

### National Staff Survey

The NHS staff survey is conducted annually. From 2021-22 the survey questions align to the seven elements of the NHS 'People Promise', and retains the two previous themes of engagement and morale. These replaced the ten indicator themes used in 2020-21 and earlier years. All indicators are based on a score out of 10 for specific questions with the indicator score being the average of those.

The response rate to the 2023-24 survey among trust staff was 46% (in 2022-23: 43%).

Scores for each indicator together with that of the survey benchmarking group (Acute and Acute & Community Trusts) are presented below.

| **Indicators** ('People Promise' elements and themes) | **2023-24** | | **2022/23** | | **2021/22** | |
|---|---|---|---|---|---|---|
| | Trust score | Benchmarking group score | Trust score | Benchmarking group score | Trust score | Benchmarking group score |
| People Promise: | | | | | | |
| We are compassionate and inclusive | 7.57 | 7.24 | 7.4 | 7.2 | 7.2 | 7.2 |
| We are recognised and rewarded | 6.34 | 5.94 | 6.0 | 5.7 | 5.9 | 5.8 |
| We each have a voice that counts | 6.92 | 6.70 | 6.8 | 6.6 | 6.6 | 6.7 |
| We are safe and healthy | 6.25 | 6.09 | 6.0 | 5.9 | 5.7 | 5.9 |
| We are always learning | 5.75 | 5.61 | 5.4 | 5.4 | 4.8 | 5.2 |
| We work flexibly | 6.46 | 6.20 | 6.2 | 6.0 | 6.0 | 5.9 |
| We are a team | 7.11 | 6.75 | 6.8 | 6.6 | 6.6 | 6.6 |
| Staff engagement | 7.05 | 6.91 | 6.8 | 6.8 | 6.7 | 6.8 |
| Morale | 6.07 | 5.91 | 5.7 | 5.7 | 5.5 | 5.7 |

The Trust has scored higher than the average scores in its benchmarked group in each of the People Promises and Themes, and all have improved on the Trust's scores from last year.

### Areas to Celebrate

- HDFT scores for all six reported People Promises and both themes have significantly improved since 2022.
- Line management, people development and flexible working are relative strengths for the Trust.
- Teamworking and line management results have all shown improvement in 2023 (continuing the trend from 2022).
- Organisational support for home life balance, flexible working and flexible shift patterns have all increased and are above the benchmarking group average.

### Key Areas for Improvement

- Below average scores for the quality of appraisals, and for staff saying they "always know what their work responsibilities are" indicate an area requiring focus.
- HDFT is notable in the discrepancy of staff working additional unpaid hours.
- Further work to improve the lived experience of colleagues with protected characteristics.

### Future priorities and targets

The key priority areas arising from the 2023 NHS Staff Survey results include a review of non-medical appraisals with a view to increasing their quality, and to continue the monitoring of hours being worked over contracted hours.

The appraisal review will seek to incorporate the recently introduced "True North" metrics, aligning organisational, departmental and personal objectives. Greater emphasis will be put on the completion of appraisal as part of this process, seeking an increase in appraisal compliance throughout the organisation. This metric is already monitored monthly against a trust target of 90%.

## 5.11 Off-Payroll Arrangements

The Trust is required to report on its highly paid and/or senior off-payroll engagements. There are no such arrangements to report for 2023-24.

## 5.12 Consultancy Expenditure

The Trust is required to report on Consultancy expenditure, which in 2023-24 equated to £399k.

## 5.13 Exit Package, Subject to audit

The Trust is required to disclose summary information of staff exit packages which have been agreed in the year.

| | Foundation Trust & Group | | Foundation Trust & Group |
|---|---|---|---|
| Exit cost band | 2023/24 Number of compulsory redundancies | 2023/24 Number of other departures agreed | 2022/23 Number of compulsory redundancies |
| <£10,000 | - | 2 | - |
| £10,001 - £25,000 | - | - | - |
| £25,001 - £50,000 | 1 | - | - |
| £50,001 - £100,000 | - | - | - |
| £100,001 - £150,000 | - | - | 1 |
| £150,001 - £200,000 | - | - | - |
| >£200,000 | - | - | - |
| **Total number of exits by type** | **1** | **2** | **1** |
| **Total resource cost** | **£ 30,000** | **£ 11,000** | **£ 134,000** |

SECTION SIX

# NHS Foundation Code of Governance

# 6. NHS Foundation Trust Code of Governance

## 6.1 Overview

The Board of Directors (the Board / the Trust Board) and the Council of Governors (the Council) work closely together in the best interests of the Trust. Detailed below is a summary of the key roles and responsibilities of both the Board of Directors and the Council of Governors.

The Board meets formally with the Council, through the Council of Governors itself on a quarterly basis to seek and consider the views of the Governors in areas such as strategic aims, potential changes to service provision and public perception matters. These meetings are also used as an opportunity to update and inform the Board and the Council of areas of good practice. The Trust Chair, chairs both the Board and the Council which proactively ensures a synergy between the two.

The Executive and Non-executive Directors meet regularly with Governors on a formal and informal basis during their day-to-day working through meetings, briefings, consultations, information sessions, ward and department visits. Examples include active discussions on the development of the Trust Strategy. Informal meetings are held on a regular basis (normally bi-monthly). The Chair, Chief Executive and Associate Director of Quality and Corporate Affairs (Company Secretary) attend these meetings to support the Council and to ensure the Board have an opportunity to obtain the views of the Council and their members in the planning of services for the local community.

## 6.2 Audit Committee

In accordance with best practice and the NHS Audit Committee Handbook, this section of the report has been prepared to provide a summary of the work of the Audit Committee during the 2023-24 financial year.

**Work Performance**

The Audit Committee met formally on seven occasions during 2023-24.

The Audit Committee has a membership of three Non-executive Directors (four until the end of July 2023) and during 2023-24 this comprised of:

- Richard Stiff — Non-executive Director (Chair) (to 31 July 2023)
- Chiara De Biase — Non-executive Director (Chair from 1 August 2023)
- Jeremy Cross — Non-executive Director / Chair of Resource Committee
- Laura Robson — Non-executive Director / Senior Independent Director / Chair of Quality Committee

The Committee was supported by:

- Jordan McKie — Director of Finance
- Kate Southgate — Associate Director of Quality and Corporate Affairs (Company Secretary)

As well as when required: The Deputy Director of Finance, the Head of Financial Accounts, Internal Audit (Head of Internal Audit and Internal Audit Manager), External Audit, other Executive Directors of the Trust, and Local Counter Fraud Specialists.

Audit Committee members' attendance is set out in the table below.

| Committee Member | Number of business meetings attended | 25 April 2023 | 3 May 2023 | 29 June 2023 | 24 August 2023 | 6 September 2023 | 6 December 2023 | 6 March 2024 |
|---|---|---|---|---|---|---|---|---|
| Richard Stiff | 3/3 | ✓ | ✓ | ✓ | | | | |
| Chiara De Biase | 7/7 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Jeremy Cross | 6/7 | ✓ | ✓ | ✓ | - | ✓ | ✓ | ✓ |
| Laura Robson | 5/7 | ✓ | - | ✓ | ✓ | ✓ | - | ✓ |

Audit Committee members meet in private prior to the start of each Committee meeting. Separate private sessions are held with Internal Audit and External Audit prior to the Audit Committee as required and no less than once a year. Detailed minutes and action logs of each meeting are taken and the Chair of the Committee provides a regular update report to the Board of Directors. On most occasions the meetings have also been observed by at least one member of the Council of Governors.

## Governance, Risk Management and Internal Control

The Audit Committee receives the Corporate Risk Register at each of its meetings. The report provides details of the key matters discussed at the Executive Risk Review Group and details the changes in ratings, controls and mitigation in place as well as target review dates. In addition, the Audit Committee receives the minutes of the Quality Committee to further improve the visibility and assurance of clinical risks.

The Board Assurance Framework is also received on a periodic basis to provide a mechanism for reviewing and reporting strategic risks to the organisation.

The Annual Governance Statement and the Head of Internal Audit Opinion were reviewed by the Audit Committee on the 24th June 2024 prior to submission to the Board on 26th June 2024.

The Chief Executive (or another designated Executive Director) attends the Audit Committee annually at the year-end to discuss assurance around the Annual Governance Statement.

## Clinical Assurance

The revised Quality Governance structure means that the Audit Committee receives assurance on the effectiveness of clinical processes through the meeting minutes and attendance of the Chair of Quality Committee and the Associate Director of Quality and Corporate Affairs (Company Secretary). The Audit Committee's role in this regard focuses on the delivery of the quality assurance process.

## Internal Audit and Counter Fraud Service

Internal Audit and Counter Fraud Services are provided to the Trust by Audit Yorkshire. The Director of Finance sits on the Audit Yorkshire Board which oversees Audit Yorkshire at a strategic level. An Internal Audit Charter formally defines the purpose, authority and responsibility of internal audit activity.

The conclusions, including levels of assurance, findings and recommendations of finalised reports are shared with the Audit Committee. The Committee can, and does, challenge Internal Audit on assurances provided, and requests additional information, clarification or follow-up work as required.

A system whereby all Internal Audit recommendations and actions are followed up by Executive Directors is overseen by the Audit Committee.

### External Audit

Following a robust procurement exercise, led by Governors, the Trust appointed a new External Audit partner in 2021-22, Azets Audit Services. They remained the Trust external auditors in 2022-2023 and 2023-24.

## 6.3 The Board of Directors and Council of Governors

The Board of Directors is a unitary Board with collective responsibility for all areas of performance of the Trust such as clinical and operational performance, financial performance, governance and management. The Board is legally accountable for the services it provides at the Trust and operates to the highest of corporate governance standards. It has the option to delegate these powers to senior management and other Committees. Its role is to provide active leadership within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board is responsible for the allocation of resources to support the achievement of organisational objectives, ensure clinical services are safe, of a high quality, patient focused and effective.

The Board met in public on a bi-monthly basis during 2023-24 and in closed workshops on the intervening months.

The Board ensures high standards of clinical and corporate governance and, along with the Council of Governors, engages members, partners and stakeholders to ensure effective dialogue with the communities it serves.

The Board is accountable to stakeholders for the achievement of sustainable performance and the creation of stakeholder value through the development and delivery of the Trust's vision and strategy. The Board ensures that adequate systems and processes are maintained to deliver the Trust's Annual Plan, provide safe, high quality healthcare as well as seek continuous improvement and innovation.

The Board delegates some of its powers to Board Sub-Committees and Executive Directors, and these matters are set out in our Scheme of Delegation which is available from the office of the Company Secretary on request.

## 6.4 Balance, Completeness and Appropriateness of the Board of Directors

The balance, completeness and appropriateness of the Board are reviewed as required and the Trust is confident that it has a balance and appropriately skilled Board to enable it to discharge its duties effectively. This applies to Executive Directors, Non-executive Directors and Associate Non-executive Directors.

Decision making and operational management of the Trust is led by the Executive Directors reporting to the Chief Executive as Accountable Officer. The Standing Orders of the Board

detail the decisions reserved for Board and are available on request from the office of the Associate Director of Quality and Corporate Affairs (Company Secretary).

All of the Non-executive Directors and Associate Non-executive Directors of the Trust are deemed to be independent. The information below describes the skills, expertise and experiences of each Board member and demonstrates the independence of the Non-executive Directors.

## 6.5 Executive Directors

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### Jonathan Coulter, Chief Executive (Appointed 28 February 2022, previously appointed as Director of Finance 20 March 2006)

Jonathan is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA) having qualified as an accountant in 1993. Since qualifying, he has taken on a number of roles in the NHS, working in various hospital trusts and commissioning organisations across Yorkshire, including being the Director of Finance for North Bradford PCT. During this time, Jonathan also obtained a postgraduate qualification in Health and Social Care Management. Jonathan was appointed as Finance Director at the Trust in March 2006. Since arriving at Harrogate, Jonathan has contributed significantly to the success of the organisation, both within his role as Finance Director, and Deputy Chief Executive. Jonathan took on the role of Chief Executive at the end of February 2022 on an interim basis, and was appointed permanently in May 2023.

### Emma Nunez, Executive Director of Nursing, Midwifery and Allied Health Professionals (AHPs) and Deputy Chief Executive (Appointed 1 November 2021 as Director of Nursing and 28 February 2022 as Deputy Chief Executive)

Emma joined the Trust from NHS England and NHS Improvement where she was Clinical Quality Director and Director of Nursing in the North East and Yorkshire Region. Emma is passionate about nursing and midwifery and about promoting the profession through demonstration of professional standards, values and behaviours. She focuses on improvements in patient safety and quality by aligning best practice with innovation and improving cultures through behaviours. She is a strong advocate for patients, carers and families and drives improved patient outcomes through compassionate leadership, staff wellbeing and professional standards. Emma is also the Trust's Deputy Chief Executive – a role that was made permanent in June 2023 after a successful 15 months as the Acting Deputy Chief Executive.

### Dr Jacqueline Andrews, Medical Director (Appointed 15 June 2020)

Jacqueline joined HDFT in June 2020, having been Associate Medical Director, Director for Research and Innovation and a Consultant Rheumatologist at Leeds Teaching Hospitals since 2008.

She oversees a broad executive portfolio which includes Clinical Strategy, Professional Standards, Clinical Effectiveness, Clinical Safety, Compliance, Research and Innovation. Jacqueline is also our Director of Infection Prevention and Control.

Jacqueline also oversees our digital services and teams, who work closely with our research, innovation and improvement teams to ensure we deliver our Trust ambition to be a leading organisation for inventing, testing and adopting the best healthcare innovation.

Jacqueline has extensive experience of leading quality improvement programmes and is passionate about developing a safety culture in the NHS, to ensure we all learn when things do not go as we had planned, in a blame free and transparent way.

### Russell Nightingale, Chief Operating Officer (Appointed 5 April 2021)

Russell commenced his professional journey within the private sector, subsequently transitioning into the NHS. His initial roles involved managing services in Urgent Care, Acute Medicine, and Theatres for the Taunton and Somerset NHS Foundation Trust. Following this, he made a considerable impact across a range of organisations in London, including; Bart's Health NHS Trust, Whittington Trust and latterly North Middlesex Trust in Tottenham.

Responsible for the operational delivery and across a range of specialties and moving services from inadequate or RI to good with the CQC. Now COO at HDFT in Yorkshire, where he assumed the role of Senior Responsible Officer for elective recovery across WYAAT and has recently been entrusted with leading the HNY elective recovery programme. Russell's professional ethos is characterised by an unwavering commitment to continuous improvement and fostering collaborative leadership based on radical candour.

### Matt Graham, Director of Strategy and Transformation (Appointed 13 September 2021)

Matt joined the Trust in September 2021 after four years as Director of the West Yorkshire Association of Acute Trusts (WYAAT), nationally recognised as one of the leading provider collaboratives. During the CoVid pandemic, alongside his WYAAT role, Matt was Chief of Staff for the Nightingale Hospital in Harrogate and led the West Yorkshire vaccination programme. Prior to joining the NHS in 2010, Matt served as an army officer in the Royal Signals for 17 years, including on operations in Northern Ireland, Bosnia and Afghanistan.

Matt enjoys supporting teams to solve problems and to seek improvement and innovation. He is passionate about building a culture of continuous improvement throughout the organisation.

### Jordan McKie, Director of Finance (Appointed 28 February 2022)

Jordan took on the role of Acting Director of Finance in February 2022, following years working at the Trust in both Finance and Operational Roles.

Following a robust selection process, Jordan was appointed to the substantive position of Director of Finance in July 2023, having fulfilled the role as Acting Director of Finance for the previous 18 months.

Jordan began his NHS career as a Graduate Management Trainee in 2006 and gained extensive knowledge of the NHS in both financial and operational roles in York and Leeds, and subsequently at Harrogate where he has progressed to his current position. Jordan is a member of the Chartered Institute of Management Accountants, having qualified as an Accountant in 2009.

## Angela Wilkinson, Director of People and Culture (Appointed 5 November 2018)

Angela was appointed the Trust's Director of People and Culture in November 2018, having previously been Deputy Director of Workforce at The Mid Yorkshire Hospitals NHS Trust. Her role includes strategic and operational leadership for the Trusts HR and organisational development agenda supporting the Board of Directors.

Angela has an MA in strategic HR Management and is a Chartered Fellow of the Institute of Personnel and Development (CIPD) with significant senior level experience in multiple sectors including NHS, local government and education.

## 6.6 Non-executive Directors and Associate Non-executive Directors

Non-executive Directors are appointed initially for a term of three years in office. Non-executive Directors can be re appointed for up to three terms (ie a maximum of 9 years) with any final three year term subject to annual reappointment in line with the requirements of the Foundation Trust Code of Governance. The Council of Governors carries the responsibility of terminating the contract for a Non-executive Director where this is believed to be appropriate, in accordance with the Trust's Constitution.

In 2022, the Trust made the decision to enhance the Board by the appointment of Associate Non-executive Directors. Whilst the posts do not hold voting rights at the Board, they are integral to supporting our Board succession strategy and achieving a balance of Board level skills.

The table below sets out the names, appointment dates and tenure of the Chair, Non-executive Directors and Associate Non-executive Directors.

| Name | Designation | Appointment | End of First Term | End of Second Term | End of Third Term |
|---|---|---|---|---|---|
| Sarah Armstrong* | Chair | 1 April 2022 | 31 March 2025 | - | - |
| Jeremy Cross | Non-executive Director | 1 January 2020 | 31 December 2022 | 31 December 2025 | - |
| Chiara De Biase | Non-executive Director | 3 October 2022 | 2 October 2025 | - | - |
| Andrew Papworth | Non-executive Director / Vice Chair | 1 March 2020 | 29 February 2023 | 28 February 2026 | - |
| Laura Robson** | Non-executive Director / Senior Independent Director | 1 September 2017 | 31 August 2020 | 31 August 2023 | 31 August 2026 |
| Wallace Sampson OBE | Non-executive Director | 1 March 2020 | 29 February 2023 | 28 February 2026 | - |
| Richard Stiff | Non-executive Director | 14 May 2018 | 13 May 2021 | 13 May 2024 | Left the Trust 31 July 2023 |
| Julia Weldon | Non-executive Director | 7 November 2022 | 6 November 2025 | - | - |
| Azlina Bulmer | Associate Non-executive Director | 10 October 2022 | 9 October 2025 | - | - |
| Kama Melly | Associate Non-executive Director | 3 October 2022 | 2 October 2025 | - | - |

* Prior to becoming Trust Chair Sarah Armstrong was appointed as a Non-executive Director on 1 October 2018 and served as such until the 31 March 2022.
** In line with best practice, Laura Robson's appointment is reviewed annually by the Council of Governors' Remuneration, Nomination and Conduct Committee for confirmation of her independence.

### Sarah Armstrong, Chair and Non-executive Director (Appointed 1 April 2022)

Sarah Armstrong is an experienced leader in the charity sector, having also been a senior manager for a national charity leading in volunteering policy and practice and a regional lead for a charity raising aspirations for young people with a disability. In a previous role, she was Chief Executive of York CVS, an ambitious social action organisation.

Sarah is passionate about the value of volunteering and the unique contribution volunteers can make, especially within a healthcare setting.

Sarah was appointed to the Trust's Board of Directors in October 2018 and became Chair of HDFT in April 2022.

### Chiara De Biase, Non-executive Director (Appointed 3 October 2022)

Chiara is the Director of Support and Influencing at Prostate Cancer UK. She oversees the charity activity for direct services to men and their families and works alongside the clinical community across the UK. Her role includes overseeing the delivery of NHS clinical education, health information, policy and health influencing, peer support, patient and community involvement, advancing racial equity in healthcare, specialist nurses helpline and cancer data specialists. She is also the charity media spokesperson and safeguarding lead.

Chiara was previously Director of Patient Services at Anthony Nolan for nine years, establishing a new team and a whole suite of new services for patients, families and health care professionals working in blood cancer and stem cell transplant. A passionate advocate for palliative and end of life care, Chiara managed the Macmillan Information and Support Centre at King's College Hospital and was involved in several research projects with the Cicely Saunders Institute of Palliative Care. As a clinician, Chiara was a specialist physiotherapist in cancer and palliative care and worked for many years on the oncology wards at St. Bartholomew's Hospital and has first-hand experience of the challenges that people face with a cancer and long-term conditions. Chiara lives in Guiseley with her family, coaches her son's football team and is a passionate Leeds United fan. She is also a clinical trustee for Candlelighters; a Yorkshire based children's cancer charity.

Chiara took on the role of Audit Committee Chair from August 2023.

### Laura Robson, Non-executive Director (Appointed 1 September 2017)

Laura Robson had lived in Sunderland all her life before moving to Ripon in 2016 to enjoy the Yorkshire life. She trained as a nurse and midwife in Sunderland before going on to work in clinical and managerial roles for various hospitals in the North East. She is a qualified midwifery teacher and has a Master's Degree in Management and Communication Studies. From 1996 until retiring in 2012, she was Executive Nurse on the Board of County Durham and Darlington NHS Foundation Trust. Laura has worked as a Clinical Advisor to the CQC and the Health Service Ombudsman. With a special interest in the care of people with dementia in acute hospitals, she has a passion for patient safety, midwifery and maternity services.

Laura was a Non-executive Director of North Cumbria University Hospitals NHS Trust from 2014 until 2017, working with the Board to help them come out of special measures by improving the quality and efficiency of their services to the people of Cumbria.

Laura became the Trust's Senior Independent Director in January 2020. She is also Chair of the Quality Committee and a member of the Audit Committee.

### Richard Stiff, Non-executive Director (Appointed 14 May 2018)

Richard Stiff joined the Trust following his retirement from the role of Chief Executive of Angus Council in Scotland in May 2017. Prior to Angus he enjoyed a long career in English local government, mainly in education and children's services departments, holding senior posts with North Lincolnshire, Leeds and Dudley Councils.

Born and raised near Bury St Edmunds in Suffolk, he is Chairman of NCER CIC; a member of the board of the Heart of Yorkshire Education Group including Castleford, Selby and Wakefield Colleges; member of the Association of Directors of Children's Services; member of Society of Local Authority Chief Executives; a Local Government Information Unit Associate and a Fellow of the Royal Society of Arts.

Richard was the Chair of the Audit Committee until end July 2023 when he stood down as a NED.

### Jeremy Cross, Non-executive Director (Appointed 1 January 2020)

Jeremy Cross is a fellow of Institute of Chartered Accountants. He joined the Trust from Airedale NHS Foundation Trust where he had been a Non-executive Director for five years, and during his time there he was Chairman of the Audit Committee, a member of the Finance and Performance Committee, and the Charity Committee. Jeremy was also Chair of the 100% owned subsidiary company AGH Solutions Limited.

Prior to taking up Non-executive Director positions Jeremy held senior positions at Lloyds Banking Group, Asda and Boots the Chemist.

Outside of the NHS, Jeremy is Chairman of Tipton Building Society; Chairman of Forget Me Not Children's Hospice, Huddersfield; Governor of Grammar School at Leeds; Director of GSAL Transport Ltd; and a Member of Kirby Overblow Parish Council.

Jeremy is the Chair of the Trust's Resource Committee.

### Wallace Sampson OBE, Non-executive Director (Appointed 1 March 2020)

Wallace Sampson was chief executive of Harrogate Borough Council between August 2008 and March 2023. He worked in local government for over 35 years in a variety of roles, starting at Doncaster Metropolitan Borough Council in the exchequer function. He also worked at Chesterfield Borough Council, Kirklees MBC, and Bradford MDC where he was Strategic Director Customer Services and Assistant Chief Executive for Regeneration and the Environment.

Wallace is passionate about public service delivery and the need to work within partnerships to join up service delivery. He has devoted his career to public service and over the years he has worked extensively with partners across public, private and the voluntary sector to ensure a strong focus on customers, residents, businesses and visitors. This was reflected in a number of external responsibilities to Harrogate Council. He chaired the Harrogate District Public Services Leadership Board and served on both of North Yorkshire Children's Safeguarding Board and Adults Safeguarding Board. He also served as a Trustee at St Michaels Hospice as well as a Trustee on the Harrogate District Climate Coalition which was established as a not-for-profit charitable incorporated company.

Wallace was also a Director of Bracewell Homes, a wholly owned Harrogate Borough Council housing company; and a Director of Brimhams Active, a wholly owned Harrogate Borough Council leisure company. He was the lead chief executive for net zero across Yorkshire and the Humber and played a leading role in establishing the Yorkshire and Humber Climate Commission. He is an experienced peer challenge reviewer for the Local Government Association and he is a Member of Society of Local Authority Chief Executives.

Wallace is the Chair of the new Innovation Committee.

### Andrew Papworth, Non-executive Director (Appointed 1 March 2020)

Andy Papworth is an accomplished leader with over 20 years' experience in financial services, including eight years at executive level, working in regulated environments. He has a deep background in financial management, business leadership and transformation.

He is a current member of the Chartered Management Institute, Global Chartered Management Accountants, and previous member of the Council of Strategic Workforce Planning and Human Capital Analytics.

He is Chief Finance Officer at Insight222 and is known for being an innovative executive and brings thought-leadership on a range of subjects to the Trust.

Andy is the Chair of the People and Culture Committee and was appointed as Vice Chair in February 2023.

### Julia Weldon, Non-executive Director (Appointed 7 November 2022)

Julia has been Corporate Director of Public Health (DPH) and Adult Social Care at Hull City Council since November 2013, and is the authority's lead advisor and champion on all health matters.

Julia is a statutory member of the Health and Wellbeing Board, and a member of the CCG Primary Care Commissioning Board. Prior to joining Hull City Council, Julia held a number of Chief Officer roles including Director of Public Health at Redcar and Cleveland, with responsibility for the Tees Valley Shared Service, Teaching Public Health Director for Yorkshire and Humber and Training Programme Director for the Yorkshire and Humber Deanery.

Julia began her career in nursing as a junior sister at Pinderfields Hospital Trust. Her career includes work as Nursing and Health improvement Health Action Zone Manager, and Head of Public Health in Wakefield PCT with a focus on Development, Intelligence and capacity building.

Julia was a member of the Independent Enquiry looking at Health Equality North (Due North) which was commissioned by Public Health England. Julia represents the Yorkshire and Humber ADSPH at National level, is Educational Supervisor for Yorkshire and Humber, the DPH Mental Health Champion and lead for the intelligence community and Interest Group.

### Azlina Bulmer, Associate Non-executive Director (Appointed 10 October 2022)

Azlina Bulmer is currently the Chief Operating Officer at the Institute of the Motor Industry. Previously she held the position of Executive Director of Membership & Engagement at the Chartered Insurance Institute (CII) where she had oversight of CII's membership activities and engagement programmes, including responsibility for the day to day international operations.

Prior to the CII, she was the Director of International at the Royal Institute of British Architects (RIBA) where she set up the RIBA's first international directorate in 2019 and led on the expansion of the RIBA's operations and profiling in target markets in Middle East and China. She joined the RIBA in January 2016 as Head of Operations, Nations & Regions managing the operations of the RIBA's 10 UK regions including volunteer network activities and support across England and Wales.

Azlina's early career was in law before moving into economic and community development roles at local authorities. This was followed by seven years working at a social investment bank before the RIBA. She has held a number of non-executive director roles previously including as Chair of Finance & Estate Committee at University College of Osteopathy and Chair of The Works UK, a Special Educational Needs provision in Leeds, and a Board member of the Personal Finance Society.

### Kama Melly, Associate Non-executive Director (Appointed 3 October 2022)

Kama Melly KC has been a barrister since 1997 and was appointed a King's Counsel in 2016. She is Deputy Head of Chambers at Park Square Barristers, based in Leeds which is the largest set of chambers in the North of England.
Kama also sits part-time as a Judge in the Crown Court and the Family Court and is a Governor of the Inns of Court College of Advocacy and a Bencher of the Honourable Society of the Middle Temple.

Kama has a particular interest in issues of Diversity and Inclusion and facilitating the evidence of vulnerable people.

## 6.7 Performance Evaluation of the Board of Directors

Evaluation of the Board of Directors is delivered formally via a number of channels, which can include:

- Appraisal of Executive Director performance by the Chief Executive and Chair on an annual basis.
- Appraisal of Non-executive Director performance by the Chair and Vice Chair/Lead Governor of the Council of Governors on an annual basis.
- Appraisal of the Chair by the Council of Governors, led by the Senior Independent Director of the Board of Directors and the Lead Governor, after seeking views and comments of the full Council of Governors and Board colleagues.
- Appraisal of the Chief Executive by the Chair.
- An annual Board development programme, and
- An annual review of the effectiveness of each Board Sub-Committee.

The Care Quality Commission, at its last inspection carried out in 2018, assessed the Trust as 'Good' against its Well-Led standard.

The information below provides details on the Executive Director, Non-executive Director and Associate Non-executive Director attendance at Board of Directors meetings in 2023-24. When the Board of Directors met in public there was also a private meeting.

## 6.8 Board of Directors (Trust Board) Attendance 2023-24

| | Number of business meetings attended | 31 May 2023 | 26 July 2023 | 27 September 2023 | 29 November 2023 | 31 January 2024 | 27 March 2024 |
|---|---|---|---|---|---|---|---|
| Sarah Armstrong | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Jeremy Cross | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Chiara De Biase | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Andrew Papworth | 3/6 | - | ✓ | - | ✓ | ✓ | - |
| Laura Robson | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Wallace Sampson OBE | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Richard Stiff | 2/2 | ✓ | ✓ | | | | |
| Julia Weldon | 4/6 | ✓ | - | ✓ | ✓ | ✓ | - |
| | | | | | | | |
| Azlina Bulmer | 2/6 | - | - | ✓ | - | ✓ | - |
| Kama Melly | 3/6 | ✓ | - | - | - | ✓ | ✓ |
| | | | | | | | |
| Jonathan Coulter | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Jacqueline Andrews | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Matthew Graham | 5/6 | ✓ | - | ✓ | ✓ | ✓ | ✓ |
| Jordan McKie | 4/6 | ✓ | - | ✓ | ✓ | ✓ | - |
| Russell Nightingale | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Emma Nunez | 6/6 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Angela Wilkinson | 5/6 | ✓ | ✓ | ✓ | ✓ | - | ✓ |

## 6.9 Council of Governors Overview

The Council of Governors has positions elected by members of the public constituency (including one position representing the rest of England), positions elected by the staff constituency and members appointed by local partner organisations. Governors are elected to office for terms of up to three years and may seek re-election for further terms.

## 6.10 Council of Governors Attendance 2023-24

### Council of Governors Attendance 2023-24

| | Governor Category | Number of business meetings attended | 6 June 2023 | 21 November 2023 | 6 March 2024 | Annual Members' Meeting 21 November 2023 |
|---|---|---|---|---|---|---|
| Sarah Armstrong | Chair | 4/4 | ✓ | ✓ | ✓ | ✓ |
| **Public Elected Governors** | | | | | | |
| Ian Barlow | Public | 3/4 | - | ✓ | ✓ | ✓ |
| Rachel Carter | Public | 3/3 | | ✓ | ✓ | ✓ |
| Donald Coverdale | Public | 2/4 | ✓ | - | ✓ | - |
| Martin Dennys | Public | 4/4 | ✓ | ✓ | ✓ | ✓ |
| Tony Doveston | Public | 4/4 | ✓ | ✓ | ✓ | ✓ |
| Mike Dunn *** | Public | 4/4 | ✓ | ✓ | ✓ | ✓ |
| Sue Eddleston | Public | 1/1 | ✓ | | | |
| William Fish | Public | 0/1 | - | | | |
| Kathy Gargan | Public | 3/3 | - | ✓ | ✓ | ✓ |
| Jackie Lincoln **** | Public | 4/4 | ✓ | ✓ | ✓ | ✓ |
| Richard Owen-Hughes | Public | 4/4 | ✓ | ✓ | ✓ | ✓ |
| Kevin Parry | Public | 2/3 | | ✓ | - | ✓ |
| Rick Sweeney | Public | 4/4 | ✓ | ✓ | ✓ | ✓ |
| Steve Treece ** | Public | 1/4 | ✓ | - | - | - |
| **Staff Governors** | | | | | | |
| Binish Mehar | Staff | 0/3 | | - | - | - |
| Kathy McClune | Staff | 1/1 | ✓ | | | |
| Stephen Williams | Staff | 2/3 | | ✓ | - | ✓ |
| Stuart Wilson | Staff | 4/4 | ✓ | ✓ | ✓ | ✓ |
| **Stakeholder Governors** | | | | | | |
| Claire Illingworth * | Stakeholder | 3/4 | ✓ | ✓ | - | ✓ |
| Cllr Nick Brown | Stakeholder | 4/4 | ✓ | ✓ | ✓ | ✓ |
| Karen Stansfield | Stakeholder | 1/1 | ✓ | | | |

* Lead Governor
** Interim Deputy Lead Governor (until 21 November 2023)
*** Interim Deputy Lead Governor (until 21 November 2023), then Deputy Lead Governor
**** Deputy Lead Governor (from 21 November 2023)

## 6.11 Statement of Compliance with the NHS Foundation Trust Code of Governance

Harrogate & District NHS Foundation Trust has applied the principles of the NHS Foundation Trust Code of Governance on a “comply or explain” basis. The NHS Foundation Trust Code of Governance, most recently revised in July 2014, is based on the principles of the UK Corporate Governance Code issued in 2012.

During the year, the Trust considered the Code and considered that it complied with all recommended practice. This included the identification of a Senior Independent Director (SID). The role was filled by Laura Robson, Non-executive Director.

The Board conducted a review of the effectiveness of its system of internal control, with details contained within the Annual Governance Statement.

The Board of Directors provides effective and proactive leadership within a framework which enables risk to be assessed and managed appropriately (see the AGS). The Board ensures compliance with the Terms of Authorisation, the constitution, mandatory guidance, relevant statutory requirements and contractual obligations.

It sets out the strategic ambitions for the Trust, taking into account the views of the Council of Governors, and ensures that the necessary resources are in place to meet priorities and objectives. There is periodic review of progress and management performance against the strategy. Principles and standards of corporate and clinical governance are set and overseen by standing committees of the Board. Directors have overall responsibility for the effective, efficient and economical discharge of the functions of the Trust, taking joint responsibility for every decision of the Board, notwithstanding the particular responsibilities of the Chief Executive and Accounting Officer.

Specific mechanisms are in place for the appointment, terms of service and removal of Executive Directors. Non-executive Directors are in the majority on the Board and are independent. They challenge and scrutinise the performance of the Executive Directors to satisfy themselves of the integrity of the financial, clinical and non-clinical information they receive, and to ensure that risk management arrangements are robust and effective.

There is a formal Scheme of Delegation and Reservation of Powers that defines which functions are reserved for the Board and which are delegated to committees and Trust officers.

Members of the Board of Directors have an open invitation to attend all meetings of the Council of Governors. The Trust’s constitution sets out the statutory responsibilities of the Council in relation to the appointment and removal of the Chair and Non-executive Directors, the appointment and removal of external auditors, the approval of the appointment of the Chief Executive, receiving the Annual Audit Letter, and providing input to the Annual Plan and its strategies. The Board determines which of its standing committees and groups may have governors as members or in attendance.

## 6.12 Statement of Accounting Officer's Responsibilities

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### Statement of the Chief Executive's Responsibilities as the Accounting Officer of Harrogate and District NHS Foundation Trust

The NHS Act 2006 states that the Chief Executive is the accounting officer of the NHS Foundation Trust. The relevant responsibilities of the accounting officer, including their responsibility for the propriety and regularity of public finances for which they are answerable, and for the keeping of proper accounts, are set out in the *NHS Foundation Trust Accounting Officer Memorandum* issued by NHS England.

NHS England has given Accounts Directions which require Harrogate and District NHS Foundation Trust to prepare for each financial year a statement of accounts in the form and on the basis required by those Directions. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Harrogate and District NHS Foundation Trust and of its income and expenditure, items of other comprehensive income and cash flows for the financial year.

In preparing the accounts and overseeing the use of public funds, the Accounting Officer is required to comply with the requirements of the Department of Health and Social Care Group Accounting Manual and in particular to:

- observe the Accounts Direction issued by NHS England, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *NHS Foundation Trust Annual Reporting Manual* (and the *Department of Health and Social Care Group Accounting Manual*) have been followed, and disclose and explain any material departures in the financial statements;
- ensure that the use of public funds complies with the relevant legislation, delegated authorities and guidance;
- prepare the financial statements on a going concern basis and disclose any material uncertainties over going concern,
- confirm that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for patients, regulators and stakeholders to assess the NHS Foundation Trust's performance, business model and strategy; and

The Accounting Officer is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of Harrogate and District NHS Foundation Trust and to enable them to ensure that the accounts comply with requirements outlined in the above mentioned Act. The Accounting Officer is also responsible for safeguarding the assets of the Harrogate and District NHS Foundation Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as I am aware, there is no relevant audit information of which the Foundation Trust's auditors are unaware, and I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

To the best of my knowledge and belief, I have properly discharged the responsibilities set out in the NHS Foundation Trust Accounting Officer Memorandum.

**Jonathan Coulter**
**Chief Executive Officer**
**Harrogate and District NHS Foundation Trust**
**26 June 2024**

SECTION SEVEN

# Annual Governance Statement

# 7. Annual Governance Statement

## Annual Governance Statement 2023-24

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Harrogate and District NHS Foundation Trust's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me. I am also responsible for ensuring that Harrogate and District NHS Foundation Trust is administered prudently and economically and that resources are applied efficiently and effectively. I also acknowledge my responsibilities as set out in the *NHS Foundation Trust Accounting Officer Memorandum*.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives of Harrogate and District NHS Foundation Trust, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Harrogate and District NHS Foundation Trust for the year ended 31 March 2024 and up to the date of approval of the Annual Report and Accounts.

### Capacity to handle risk

The Board of Directors provides leadership on the overall governance agenda. The Board of Directors is supported by a range of Committees that scrutinise and review assurances on internal control. Our assurance Committees: Audit, Quality, Resources, People and Culture, Innovation and Remuneration Committee build on the controls in place.

As Accounting Officer, and supported by fellow members of the Board of Directors, I have responsibility for the integration of governance systems. I delegate executive lead to the Executive Director of Nursing, Midwifery and AHPs for the implementation of quality governance and risk management.

The Board has a number of overarching principles and procedures related to governance that is defined within our policies and procedures with means of monitoring and ongoing assurance. Our approach to risk identification, assessment and control, and the management and investigation of patient safety events is aligned to the values and behaviours set out in our Strategy and through our KITE values.

The Board of Directors recognises that risk management is an integral part of good management practice and to be most effective should be part of the Trust's culture. The Board is, therefore, committed to ensuring that risk management forms a central part of its philosophy, practices and business plans rather than being viewed or practised as a separate programme; responsibility for its implementation is accepted at all levels of the organisation.

The provision of appropriate training is central to the achievement of this aim. Our policy requires staff required to be trained and supported in patient safety event (incident) reporting, carrying out risk assessments, mitigating risk and maintaining risk registers.

The Board of Directors, Directorate and departmental managers oversee staff (including those promoted or acting up, contractors, locum, agency and bank staff) corporate, and specific local, induction training appropriate to their area of work; this includes but is not limited to risk management, safety event reporting and hazard recognition training. An ongoing training programme has been developed based on a training needs analysis of staff. The programme includes formal training for:

- Staff dealing with specific everyday risks, e.g. basic risk management information including an overview of patient safety, incident reporting and investigation, complaints investigation and development of measures to improve patient experience, fire safety, information governance, health and safety, moving and handling, infection control, and security; and
- Specific staff involved in the maintenance of risk registers at Directorate and department level, investigation through the Patient Safety Incident Response Framework (PSIRF) and risk assessment for health and safety.

Employees, contractors and agency staff are required to report all safety events and concerns and this is closely monitored. The Trust supports an "open" culture; we are transparent with service users, carers and staff when things go wrong. A significant emphasis is placed upon ensuring that we comply with the requirements of the statutory Duty of Candour that came into force on 27 November 2014. This follows the introduction of a number of new standards with which NHS Boards need to comply; this includes the Duty of Candour, and the Fit and Proper Person's test. Assurance on these areas is through the Trust's corporate governance framework.

The Datix system supports our safety event reporting process. Guidance on reporting events on Datix, grading of events, risk assessment, risk registers, undertaking investigations and statement writing, is available for all staff on the Trust intranet. The Trust transitioned to Datix IQ during 2023-24 to provide greater support and emphasis on the review, management and learning from patient safety events.

The Trust's *Freedom to Speak Up* Guardian meets with the Chair and Chief Executive on a regular basis. They report to the People and Culture Committee on a quarterly basis and by exception to the Board. This provides the Board with an opportunity to reflect on themes and learning identified by the Guardian. The Guardian has developed a role for Fairness Champions to support and listen to colleagues, promote fairness, and signpost to resources and options for speaking up.

The Trust's Guardian of Safe Working meets with the Clinical Directors on a regular basis. They report to the People and Culture Committee on a quarterly basis and by exception the Board. This report allows the Trust the opportunity to review any emerging themes and to implement mitigating actions where required.

Quality impact assessments assist the Trust in meeting obligations under the public sector equality duty introduced in April 2011 and in accordance with the National Quality Board guidance produced in 2012 on assessing cost improvement plans.

### The risk and control framework

The key objectives regarding risk and control are to achieve:

- Compliance with external regulatory and other standards for quality, governance and risk including Care Quality Commission fundamental standards and regulations;
- A culture of effective risk management at all levels of the organisation;
- Delivery of the Trust's strategic aims and objectives; and
- A robust framework to ensure all controls and mitigations of risks are in place and operating, and can provide assurance to the Board of Directors on all areas of governance, including:

- Corporate governance
- Quality governance
- Financial governance
- Risk management
- Information governance, including data security
- Research governance
- Clinical effectiveness and audit
- Performance governance

The Trust has a system of integrated governance described in the Risk Management Policy. This includes:

Determine priorities
The Board of Directors determines corporate objectives annually and these establish the priorities for Executive Directors and clinical services. This has been strengthened in year with the commissioning of a revised continuous improvement approach called HDFT Impact. This has allowed greater alignment of our priorities to our areas of demand and risk appetite.

Risk Identification
Risk is identified in many ways. We identify risk proactively by assessing corporate objectives, work related activities, analysing adverse event trends and outcomes, and anticipating external possibilities or scenarios that may require mitigation by the Trust.

Risk Assessment
Risk Assessment involves the analysis of individual risks, including analysis of potential risk aggregation where relevant. The assessment evaluates the severity and likelihood of each risk and determines the priority based on the overall level of risk exposure.

Risk Response (Risk Treatment)
For each risk, controls are ascertained (or where necessary developed), understood and documented. Controls are implemented to avoid risk; seek risk (take opportunity); modify risk; transfer risk or accept risk. Gaps in control are subject to mitigating actions that are implemented to reduce residual risk. The Board of Directors set it's risk appetite in late 2022 and this has remain in place during 2023-24.

Risk Reporting
Significant risks are reported at each formal meeting of the Board of Directors and the Executive Risk Review Group through our Corporate Risk Register as well as standing agenda items on all Sub-Committee agendas. In addition, in the event of a significant risk arising, arrangements are in place to escalate a risk to the Chief Executive and Executive Team. The level at which risk must be escalated is clearly set out in the Risk Management Policy, which is reviewed every two years and was last updated and approved in 2022-23. The risk reporting to the Board of Directors also details what actions are being taken, and by whom, to mitigate the risk and monitor delivery.

The Audit Committee and Board of Directors have reviewed assurance on the effective operation of controls to manage potential significant risk as set out in the Corporate Risk Register and supporting report to each Board meeting and regular reviews of the Board Assurance Framework. The 2023-24 Internal Audit review of risk management including the Board Assurance Framework provided significant assurance.

Risk Review
a. Those responsible for managing risk regularly review the output from the risk register to ensure it remains valid, reflects changes and supports decision making. In addition, risk profiles for all clinical directorates remain subject to detailed scrutiny as part of a rolling

programme by the Performance Review Meetings (PRMs) and the Executive Risk Review Group. The purpose of the Trust's risk review is to track how the risk profile is changing over time; evaluate the progress of actions to treat material risk; ensure controls are aligned to the risk; risk is managed in accordance with the Board's appetite; resources are reprioritised where necessary; and risk is escalated appropriately.

b. Safety event reporting and investigation is openly encouraged as a key component of risk and safety management to help us learn and take action in response to events. An electronic events reporting system is operational throughout the organisation and is accessible to all staff. Event reporting is promoted through induction and training, regular communications, leadership walk rounds or other visits and inspections that take place. A programme to support staff who have been involved in a safety event is in place, and a process for sharing lessons across the organisation is established, overseen by the weekly Quality Summit.

In addition, arrangements are in place for staff to raise any concerns at work confidentially and anonymously if necessary.

As at 31 March 2024, Harrogate and District NHS Foundation Trust has identified a range of significant risks, which are currently being mitigated, whose impact could have a direct bearing on requirements within the NHS Oversight Framework, CQC registration or the achievement of Trust policies, aims and objectives should the mitigation plans be ineffective. The corporate risks are reviewed each month by the Executive Risk Review Group and are linked to the Trust Ambitions as well as to the five CQC Domains and the NHSE Use of Resources Framework.

### Care Quality Commission (CQC) Registration

The Trust is fully compliant with the registration requirements of the Care Quality Commission.

Compliance with the provisions of the Health and Social care Act 2008 (Registration Regulations) 2010 is coordinated by the Executive Director of Nursing, Midwifery and AHPs and the Associate Director of Quality and Corporate Affairs (Company Secretary). Compliance is overseen by:

- Reporting and keeping under review, matters highlighted within the Care Quality Commission's Acute Insights Report and inspections;
- Self-assessments against the Key Lines of Enquiry defined within the criteria of the Well-Led Review and preparing the Trust for an external review;
- Liaising with the Care Quality Commission and Clinical Directorates to address specific concerns where required;
- Engaging with the Care Quality Commission on the inspection process, coordinating the Trust's response to inspections and recommendations and actions arising from this;
- Analysing trends from event reporting, complaints and surveys to detect potential non-compliance or concerns in Clinical Directorates;
- Reviewing assurance of the effective operation of controls;
- Receiving details of assurances provided by Internal Audit and being notified of any Clinical Audit conclusions which provide only limited assurance on the operation of controls; and
- Challenging assurances or gaps in assurance by attending meetings of the Quality Governance Management Committee, Patient Safety Event Committee, Quality Committee and the Audit Committee.

During 2022-23 the Care Quality Commission inspected the Safe and Well-Led Domains for the core service of Maternity. Safe Domain was rated as "Requires Improvement" and the Well-Led Domain was rated as "Good". The organisation developed a robust action plan as a result of the inspection and the improvements continue to be monitored internal and directly to the CQC in our engagement meetings.

The Trust is registered with the Care Quality Commission with full compliance of fundamental standards of care. The overall Trust Rating from 2018 remains as "Good".

## Risks and challenges

The quality of performance information is the responsibility of the Senior Information Risk Owner (SIRO) who chairs the Data and Information Governance Steering Group and advises the Board of Directors on the effectiveness of information risk management across the organisation. The SIRO for the Trust is the Chief Operating Officer.

The Trust has put in place due processes to ensure information governance and data security in accordance with national recommendations led by the Senior Information Risk Owner at Board level.

The Trust has an Integrated Board Report (IBR) which triangulates key information metrics covering quality, workforce, finance, efficiency and operational performance, presenting trends over time to enable identification of improvements and deteriorations. Significant development has occurred with the IBR in 2023-24 with the development of PowerBI.

The IBR is presented to each Board and Council of Governors meetings, and this is reviewed together with the quality dashboard at each Quality Committee; it is also available to each of the groups responsible for leading work to ensure compliance with CQC standards. The Audit Committee reviews the evidence for compliance with CQC registration requirements annually.

There are no significant risks that have been identified relating to compliance with the NHS Foundation Trust Licence Condition 4 (FT governance). The Trust ensures compliance with the requirements of the Provider Licence in its entirety via annual and in-year submissions as required by NHS Improvement's Oversight Framework. These submissions include detailed information on financial performance, plans and forecasts, and third party information, in order to assess the risk to continuity of services and governance.

This Annual Governance Statement also provides an outline of the structures and mechanisms that the Trust has in place to maintain a sound system of governance and internal control to meet the requirement of the Licence Condition 4, Section 6. It takes assurance from these structures as well as feedback from Internal and External Audit and other internal and external stakeholders regarding the robustness of these governance structures. These same mechanisms are used by the Board to ensure the validity of the annual Corporate Governance Statement.

In order to mitigate any risks to compliance with NHS Improvement's Provider Licence Condition 4, the Trust has in place a governance framework with clear accountability and reporting to ensure integrated governance, to deliver the Trust's objectives and to provide assurance to the Board of Directors. The framework was revised during 2023-24 with the development of the Corporate Governance Framework for HDFT.

Executive Directors, Non-executive Directors, Associate Non-executive Directors, Governors and other stakeholders are key participators in many of the Trust's Committees.

The Board of Directors is responsible for exercising all of the powers of the Trust; however, it has the option to delegate these powers to senior management and other Committees. The Board:

- sets the strategic direction for the Trust;
- allocates resources;
- monitors performance against organisational objectives;
- ensures that clinical services are safe, of a high quality, patient-focused and effective;

- ensures high standards of clinical and corporate governance; and
- in conjunction with the Council of Governors, engages members and stakeholders to ensure effective dialogue with the communities it serves.

The Board is also responsible for ensuring that the Trust exercises its functions effectively, efficiently and economically and that compliance with the Trust's Licence and Constitution are maintained.

During 2023-24 there have been six formally constituted assurance Committees of the Board:
- the Audit Committee;
- the Quality Committee;
- the Resource Committee;
- the Remuneration Committee;
- the People and Culture Committee; and
- the Innovation Committee.

### Review of economy, efficiency and effectiveness of the use of resources

As Accounting Officer, I am responsible for ensuring that the Trust has arrangements in place for securing value for money in the use of its resources. To do this I have maintained systems to:
- Set, review and implement strategic and operational objectives;
- Engage actively with patients, staff, members and other stakeholders to ensure key messages about services are received and acted upon;
- Monitor and improve organisational performance; and
- Establish plans to deliver waste reduction programmes

Planning takes account of system initiatives and their impact to ensure that planning within the broader ICS is aligned. These detailed operational plans and budgets are approved by the Trust's Board.

Updates to the plans include revisions to our operational, financial, workforce and strategic plans. These submissions contain a variety of technical documents prepared by colleagues within the Trust and an overall narrative which describes these submissions and their associated risks. This informs the detailed operational plans and budgets which are also approved by the Trust's Board.

In line with normal practice the Trust agreed its Annual Plan for 2023-24 in March 2023.

The Trust is a key member of West Yorkshire Association of Acute Trusts (WYAAT). In the year it has continued to make good progress with the Committee in Common (CiC) meeting four times per year for the governance and accountability of work streams to support transformation across West Yorkshire, reporting and accountable to each sovereign Board. The CiC has membership from each provider organisation with both Executive and Non-executive membership from each, usually by the Chief Executive and Chair.

The Trust is also a member of the Humber and North Yorkshire Integrated Care Board (ICB). The Trust is an active member in the Humber and North Yorkshire (HNY) Collaboration of Acute Providers (CAP). In year progress has been made through the Committee in Common with meetings taking place through-out the year to focus on a wide range of activities to strengthen our partnerships and delivery systems.

The Board annually agrees a set of corporate objectives which are communicated to colleagues and the public. This provides the basis for performance reviews at directorate level. Operational performance is kept under constant review by the Executive Team, Resource

Committee and the Board of Directors. In order to keep under review the delivery of the corporate objectives, the Board scrutinises at each formal meeting an Integrated Board Report covering patient safety, quality, access and experience metrics, as well as a Finance Performance Report.

The Trust continues to operate its Financial Management Framework to ensure that the Trust is meeting its strategic target of financial sustainability. Each quarter a fundamental review takes place of the financial position, and this is reviewed by the Board and relevant action plans developed. Monthly reports are prepared for the Resource Committee on the financial position, alongside the monthly finance reports issued to directorates that show performance against budget. These reports contain both financial and non-financial information.

Assurances on the operation of controls are commissioned and reviewed by the Audit Committee and, where appropriate, other Committees of the Board of Directors as part of their annual cycle of business.

## Information governance

Information governance breaches, which include breaches under Data Protection Act 2018/GDPR and Security of Network Information System Regulations 2018 (NIS) are managed in line with the Trust's Events and Serious Incidents Policy. Serious information governance breaches are also managed in line with the NHS Guide to the Notification of Data Security and Protection Incidents.

The Data Security and Protection Toolkit (DPST) is an online self-assessment tool that allows organisations to measure their performance against the National Data Guardian's 10 Data Security Standards. The results of the last submission was: Standards Met

During the year Internal Audit audited 13 of the 33 mandatory standards. The levels of assurance were:

- Unsatisfactory
- Limited
- Moderate
- Substantial

The overall assurance level across all 10 NDG Standards was rated as Substantial.

The Trust takes the threat of cyber-attacks very seriously and has robust measures and controls in place to improve cyber awareness and resilience of its IT infrastructure and manage the threat of Cyber-attack and other IT vulnerabilities and security threats.

## Data quality and governance

The Board is satisfied that steps are in place to assure that data quality and governance processes are in place with appropriate controls to ensure the accuracy of data. The Quality Committee has continued its work to gain assurance in relation to the CQC quality domains ensuring compliance with fundamental standards of care in acute and community services.

## Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, clinical audit and the Executive Directors and Senior Management Team within Harrogate and District NHS Foundation Trust who have responsibility for the development and maintenance of the internal control framework.

I have drawn on the information provided in this annual report and other performance information available to me. My review is also informed by comments made by the external

auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit Committee, our assurance and management Committees reporting to Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Trust applies a robust process for maintaining and reviewing the effectiveness of the system of internal control. A number of key groups, Committees and feeder Committees make a significant contribution to this process, including:

**Board of Directors** – the statutory body of the Trust is responsible for strategic and operational management of the organisation and has overall accountability for the risk management frameworks, systems and activities, including the effectiveness of internal controls.

The Terms of Reference of all Board Committees and Groups are reviewed regularly to strengthen their roles in governance to the Board on risks and mitigations in place to the organisation's ability to achieve its key objectives. A formal Corporate Framework was introduced in year.

**Audit Committee** – is a statutory Committee that provides an independent contribution to the Board's overall process for ensuring that an effective internal control system is maintained and provides a cornerstone of good governance.

**Internal Audit** – provides an independent and objective opinion to the Accounting Officer, the Board and the Audit Committee on the organisation's systems for risk management, control and governance to support the achievement of the Trust's agreed priorities.

The Internal Audit team work to a risk based audit plan, which is agreed by the Audit Committee, and covering risk management, governance and internal control processes, both financial and non-financial across the Trust. The work includes identifying and evaluating controls and testing their effectiveness, in accordance with Public Sector Internal Audit Standards.

Following each audit, a report is produced providing a conclusion and, where scope for improvement is found, recommendations are made and appropriate action plans are agreed with management. Reports are issued and followed up with the responsible Executive Directors. The results of audits are reported to the Audit Committee which has a key role to performance manage the action plans to address recommendations from all audits. Internal audits are also made available to the external auditors who may use them as part of their planning. In addition, Internal Audit provides advice and assistance to senior management on control issues and other matters of concern. Internal Audit work also covers service delivery and performance, financial management and control, human resources, operational and other reviews.

Internal Audit oversaw a wide range of audits in year and those completed in the 2023-24 plan included:

**Significant Assurance**

- National Cost Collection
- Pressure Ulcer Risk Assessment – Follow Up
- Research Governance – Follow Up
- Patient Safety – Falls
- General Ledger
- Financial Transactions Approvals

**Limited Assurance**

- Discharge Planning
- Portering
- Use of Agency Staff
- HIF Governance & Risk Management Arrangements

The above limited audit assurance audits were undertaken where the senior management team had identified potential concerns regarding internal controls in relation to them. As a result these were requested to be included on the annual internal audit plan.

Based on the work undertaken, including a review of the Board's risk and assurance arrangements, the Head of Internal Audit Opinion concluded in June 2024 that '*Significant assurance*' can be given and there is a good system of governance, risk management and internal control in place designed to meet the organisation's objectives and that controls are generally being applied consistently.

## Conclusion

The Annual Governance Statement requires me to consider whether there are any significant internal control issues facing the Trust. Risks and challenges remain with the NHS, and the Trust has an internal control environment in place to manage these in line with national guidance.

In summary, I am assured that Harrogate and District NHS Foundation Trust has an overall sound system of internal controls in place, which is designed to manage the key organisational objectives and minimise exposure to risk and that no significant internal control issues have been identified.

**Jonathan Coulter**
**Chief Executive Officer**
**Harrogate and District NHS Foundation Trust**
**26 June 2024**

## SECTION EIGHT

# Independent Auditors Report

# 8. Independent Auditors Statement

## Independent Auditor's Report to the Council of Governors of Harrogate and District NHS Foundation Trust

### Report on the audit of the financial statements

#### Opinion on the financial statements

We have audited the financial statements of Harrogate and District NHS Foundation Trust (the 'Trust') and its subsidiaries (the 'Group') for the year ended 31 March 2024, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Taxpayers Equity, the Consolidated Statement of Cash Flows, the Foundation Trust Statement of Comprehensive Income, the Foundation Trust Statement of Financial Position, the Foundation Trust Statement of Changes in Taxpayers Equity, the Foundation Trust Statement of Cash Flows and notes to the financial statements, including accounting policies and other information. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, in conformity with the requirements of the Accounts Directions issued under Schedule 7 of the National Health Service Act 2006, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023 to 2024.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Group and of the Trust as at 31 March 2024 and of the Group's and Trust's expenditure and income for the year then ended; and
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023 to 2024; and
- have been prepared in accordance with the requirements of the National Health Service Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 'Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom', as required by the Code of Audit Practice ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Accounting Officer is responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters required by the Code of Audit Practice**

In our opinion:

- The parts of the Remuneration Report and the Staff Report to be audited have been properly prepared in accordance with the requirements set out in the NHS foundation trust annual reporting manual 2023/24; and
- Based on the work undertaken in the course of the audit of the financial statements, the other information published together with the audited financial statements in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception under the Code of Audit Practice**

Under the Code of Audit Practice, we are required to consider whether the Annual Governance Statement does not comply with the disclosure requirements set out in the NHS foundation trust annual reporting manual 2023/24 or is misleading or inconsistent with information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in respect of the above matters.

**Responsibilities of the Accounting Officer**

As explained more fully in the Statement of Accounting Officer's Responsibilities (set out on page 91), the Chief Executive, as Accounting Officer, is responsible for the preparation of the financial statements in the form and on the basis set out in the Accounts Directions, for being satisfied that they give a true and fair view, and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accounting Officer is responsible for assessing the Trust's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer has been informed by the relevant national body of the intention to dissolve the Trust and the Group without the transfer of its services and functions to another public sector entity. The Accounting Officer is required to comply with the requirements set out in the Department of Health and Social Care Group Accounting Manual 2023 to 2024.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

***Extent to which the audit was considered capable of detecting irregularities, including fraud***

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISA's (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtain and update our understanding of the Trust and Group, their activities, control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Group and Trust is complying with that framework. We determined that the most significant legal and regulatory frameworks that are applicable to the Trust and Group, which are directly linked to specific assertions in the financial statements, are those related to the financial reporting frameworks. These include the National Health Service Act 2006 and international accounting standards, as interpreted and adapted by the Department of Health and Social Care Group Accounting Manual 2023 to 2024.

Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Group or the Trust that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management, internal audit, and those charged with governance concerning the Group and Trust's operations, the key policies and procedures, and the establishment of internal controls to mitigate risks related to fraud and non-compliance with laws and regulations, together with their knowledge of any actual or potential litigation and claims and actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance and Trust Board;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the Group and Trust's financial statements and the operations of the Group and Trust through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of high-risk journal entries and other adjustments for appropriateness, evaluating the rationale of any significant transactions outside the normal course of business and reviewing key accounting estimates including Property Plant and Equipment valuations and calculation of Right of Use Asset valuation and lease liability figures for indicators of potential bias;

- Other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity including testing the accuracy and occurrence of other income and of non-pay expenditure; and
- Assessing whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. We concluded that more experienced audit team members needed to be allocated to perform work on the significant risks identified.

We also communicated potential non-compliance with laws and regulations, including potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulations. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## Report on other legal and regulatory matters

**Reports in the public interest or to the regulator**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under Schedule 10 (3) of the National Health Service Act 2006; or
- we refer a matter to the regulator under Schedule 10 (6) of the National Health Service Act 2006, because we have reason to believe that the Trust, or an officer of the Trust, is about to make, or has made, a decision which involves or would involve the incurring of unlawful expenditure, or is about to take, or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency.

We have nothing to report in respect of the above matters.

**Report on the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

**Responsibilities of the Accounting Officer**

The Chief Executive, as Accounting Officer, is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the Trust's use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

**Auditor's responsibilities for the review of the Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources**

We are required under Schedule 10(1)(d) of the National Health Service Act 2006 to be satisfied that the Trust has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources . We are not required to consider, nor have we considered, whether all aspects of the

Trust's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in January 2023 and May 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Trust plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Trust ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Trust uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Trust has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary which will be included in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

**Certificate of completion of the audit**

We certify that we have completed the audit of the financial statements of Harrogate and District NHS Foundation Trust for the year ended 31 March 2024 in accordance with the requirements of Schedule 10(4)(1)(a) of the National Health Service Act 2006 and the Code of Audit Practice.

**Use of our report**

This report is made solely to the Council of Governors of the Trust, as a body, in accordance with Schedule 10 of the National Health Service Act 2006. Our audit work has been undertaken so that we might state to the Trust's Council of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Council of Governors, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Reid

**Andrew Reid, Key Audit Partner**

for and on behalf of Azets Audit Services, Local Auditor
6th Floor, Bank House
Cherry Street
Birmingham
B2 5AL

3 July 2024

# SECTION NINE

# ANNUAL ACCOUNTS 2023-2024

# 9. Harrogate and District NHS Foundation Trust – Annual Accounts 2023-24

## Foreword to the Accounts

These accounts are prepared in accordance with paragraphs 24 and 25 of Schedule 7 to the NHS Act 2006 and are presented to Parliament pursuant to Schedule 7, paragraph 25 (4) (a) of the National Health Service Act 2006

The annual accounts submitted under paragraph 25 of Schedule 7 to the 2006 Act shall show, and give a true and fair view of, the NHS foundation trust's income and expenditure, cash flows and financial state at the end of the financial period.

The annual accounts shall follow the requirements as to form and content set out in chapter 1 of the NHS Foundation Trust Annual Reporting Manual (FT ARM) in force for the relevant financial year.

The annual accounts shall comply with the accounting requirements of the Department of Health and Social Care Group Accounting Manual (DHSC GAM) as in force for the relevant financial year.

The Statement of Financial Position shall be signed and dated by the chief executive of the NHS foundation trust.

**Jonathan Coulter**
**Chief Executive Officer**
**Harrogate and District NHS Foundation Trust**
**26 June 2024**

**Contents** **Page**

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2024

| | Note | Group 2023/24 Total £000 | Group 2022/23 Total £000 |
|---|---|---|---|
| **Operating income from patient care activities** | 3.1 | **337,060** | 314,906 |
| **Other operating income** | 3.2 | **28,003** | 37,364 |
| **Operating expenses** | 4.1 | **(368,733)** | (349,004) |
| **OPERATING SURPLUS FROM CONTINUING OPERATIONS** | | **(3,670)** | 3,266 |
| **FINANCE COSTS** | | | |
| Finance income | 6.1 | **1,394** | 851 |
| Finance expense - financial liabilities | 7 | **(467)** | (365) |
| Finance expense - unwinding of discount on provisions | 17.2 | **(4)** | (2) |
| Public Dividend Capital - dividends payable | | **(3,894)** | (2,952) |
| **NET FINANCE COSTS** | | **(2,971)** | (2,468) |
| Losses on disposal of assets | 9.1 | **(132)** | (21) |
| Movement in fair value of investments | 11 | **130** | (124) |
| **SURPLUS/(DEFICIT) FOR THE YEAR** | | **(6,643)** | 652 |
| **Other comprehensive income** | | | |
| Impairments | 9.1 | **(3,904)** | - |
| Revaluations | 9.3 | **-** | 3,618 |
| Other reserve movements | | **55** | 3 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **(10,492)** | 4,273 |

The notes on pages 119-158 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## as at 31 March 2024

| | | Group | |
|---|---|---|---|
| | | **31 March 2024** | 31 March 2023 |
| | **Note** | **£000** | £000 |
| **Non-current assets** | | | |
| Intangible assets | 8 | **10,718** | 6,759 |
| Property, plant and equipment | 9.1 & 9.3 | **146,431** | 145,482 |
| Right of use assets | 10.1 | **8,858** | 9,292 |
| Other Investments | 11 | **1,821** | 1,685 |
| Trade and other receivables | 14.1 | **811** | 832 |
| **Total non-current assets** | | **168,639** | 164,050 |
| **Current assets** | | | |
| Inventories | 13.1 | **3,396** | 2,443 |
| Trade and other receivables | 14.1 | **26,104** | 23,607 |
| Cash and cash equivalents | 15 | **13,829** | 35,679 |
| **Total current assets** | | **43,329** | 61,729 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **(34,679)** | (49,960) |
| Borrowings | 19 | **(3,576)** | (3,089) |
| Provisions | 17.1 | **(68)** | (104) |
| Other liabilities | 18 | **(2,044)** | (2,840) |
| **Total current liabilities** | | **(40,367)** | (55,993) |
| **Total assets less current liabilities** | | **171,601** | 169,786 |
| **Non-current liabilities** | | | |
| Borrowings | 19 | **(14,051)** | (15,274) |
| Provisions | 17.1 | **(495)** | (662) |
| **Total non-current liabilities** | | **(14,546)** | (15,936) |
| **Total assets employed** | | **157,055** | 153,850 |
| **Financed by taxpayers' equity:** | | | |
| Public Dividend Capital | | **130,515** | 116,818 |
| Revaluation reserve | | **11,278** | 15,166 |
| Income and expenditure reserve | | **13,043** | 19,622 |
| HDFT charitable fund reserves | 26 | **2,219** | 2,244 |
| **Total taxpayers' equity (see page 113)** | | **157,055** | 153,850 |

The notes on pages 119-158 form part of these financial statements.

Signed: …… Mr. Jonathan Coulter - Chief Executive

Date: 26 June 2024

## CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2024

| | HDFT charitable fund reserve | Public Dividend Capital | Revaluation Reserve | Income and Expenditure Reserve | Group Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| Balance as at 1 April 2023 | **2,244** | **116,818** | **15,166** | **19,622** | **153,850** |
| Surplus for the financial year (Page 111) | **10** | **-** | **-** | **(6,653)** | **(6,643)** |
| Net impairments (Note 9.1) | **-** | **-** | **(3,904)** | **-** | **(3,904)** |
| Public Dividend Capital received | **-** | **14,633** | **-** | **-** | **14,633** |
| Public dividend capital repaid | **-** | **(936)** | **-** | **-** | **(936)** |
| Other reserve movements | **-** | **-** | **16** | **39** | **55** |
| Other reserve movements - charitable funds consolidation adjustment | **(35)** | **-** | **-** | **35** | **-** |
| Balance at 31 March 2024 | **2,219** | **130,515** | **11,278** | **13,043** | **157,055** |

## CONSOLIDATED STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2023

| | HDFT charitable fund reserve | Public Dividend Capital | Revaluation Reserve | Income and Expenditure Reserve | Group Total |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 |
| Balance as at 1 April 2022 | 2,535 | 103,938 | 11,548 | 18,676 | 136,697 |
| Surplus for the financial year (Page 111) | (459) | - | - | 1,112 | 653 |
| Revaluations (Note 9.3) | - | - | 3,618 | - | 3,618 |
| Public Dividend Capital received | - | 12,880 | - | - | 12,880 |
| Other reserve movements | - | - | - | 3 | 3 |
| Other reserve movements - charitable funds consolidation adjustment | 168 | - | - | (168) | - |
| Balance at 31 March 2023 | 2,244 | 116,818 | 15,166 | 19,622 | 153,850 |

The notes on pages 119-158 form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2024

| | | Group | |
|---|---|---|---|
| | | **2023/24** | 2022/23 |
| | **Note** | **£000** | £000 |
| **Cash flows from operating activities** | | | |
| Operating surplus from continuing operations | | **(3,670)** | 3,266 |
| | | **(3,670)** | 3,266 |
| **Non-cash income and expense** | | | |
| Depreciation and amortisation | 4.1 | **11,279** | 10,574 |
| Net impairments | 8.0 & 9.1 | **2,519** | (238) |
| Income recognised in respect of capital donations | | **(941)** | (1,033) |
| (Increase)/Decrease in trade and other receivables | | **(2,311)** | (13,058) |
| Increase in inventories | 13.1 | **(953)** | (512) |
| Increase/(Decrease) in trade and other payables | | **(11,757)** | 6,451 |
| Increase/(Decrease) in other liabilities | 18 | **(795)** | 197 |
| Decrease in provisions | | **(207)** | (138) |
| Other movements in operating cash flows | | **55** | - |
| HDFT Charitable Funds - net adjustments for working capital | | **221** | (3) |
| **NET CASH GENERATED/(USED) FROM OPERATIONS** | | **(6,561)** | 5,507 |
| **Cash flows from investing activities** | | | |
| Interest received | | **1,328** | 708 |
| Purchase of Intangible assets | 8 | **(2,012)** | (3,885) |
| Purchase of Property, Plant and Equipment | | **(22,064)** | (17,143) |
| Receipt of cash donations to purchase capital assets | | **599** | 572 |
| HDFT Charitable funds - net cash flows from investing activities | | **78** | 74 |
| **Net cash used in investing activities** | | **(22,071)** | (19,674) |
| **Cash flows from financing activities** | | | |
| Public dividend capital received (please see page 113) | | **14,633** | 12,880 |
| Public dividend capital repaid (please see page 113) | | **(936)** | - |
| Movement in loans from the DHSC | 19 | **(1,181)** | (1,180) |
| Capital element of lease liability repayments | | **(1,453)** | (1,744) |
| Interest paid | | **(153)** | (163) |
| Interest element of lease liability repayments | | **(154)** | (203) |
| PDC dividend paid | | **(3,974)** | (2,598) |
| **Net cash generated in financing activities** | | **6,782** | 6,992 |
| **Net decrease in cash and cash equivalents** | 15 | **(21,850)** | (7,175) |
| Cash and cash equivalents at 1 April 2023 | 15 | **35,679** | 42,854 |
| **Cash and cash equivalents at 31 March 2024** | 15 | **13,829** | 35,679 |

The notes on pages 119-158 form part of these financial statements.

## FOUNDATION TRUST STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 March 2024

| | Note | Foundation Trust 2023/24 Total £000 | Foundation Trust 2022/23 Total £000 |
|---|---|---|---|
| **Operating income from patient care activities** | 3.2 | **336,848** | 314,906 |
| **Other operating income** | 3.2 | **26,181** | 37,260 |
| **Operating expenses** | 4.2 | **(367,947)** | (350,047) |
| **OPERATING SURPLUS/(DEFICIT) FROM CONTINUING OPERATIONS** | | **(4,918)** | 2,119 |
| **FINANCE COSTS** | | | |
| Finance income | 6.2 | **2,569** | 1,965 |
| Finance expense - financial liabilities | 7 | **(381)** | (139) |
| Finance expense - unwinding of discount on provisions | 17.2 | **(4)** | (3) |
| Public Dividend Capital - dividends payable | | **(3,894)** | (2,952) |
| **NET FINANCE COSTS** | | **(1,710)** | (1,129) |
| Losses on disposal of assets | 9.2 | **(132)** | (21) |
| **SURPLUS FOR THE YEAR** | | **(6,760)** | 969 |
| **Other comprehensive income** | | | |
| Impairments charged to Revaluation Reserve | 9.2 | **(3,903)** | - |
| Revaluations | 9.4 | **-** | 9,705 |
| **TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR** | | **(10,663)** | 10,674 |

The notes on pages 119-158 form part of these financial statements.

## FOUNDATION TRUST STATEMENT OF FINANCIAL POSITION
## as at 31 March 2024

| | | Foundation Trust | |
|---|---|---|---|
| | | **31 March 2024** | 31 March 2023 |
| | **Note** | **£000** | £000 |
| **Non-current assets** | | | |
| Intangible assets | 8 | **10,719** | 6,759 |
| Property, plant and equipment | 9.2 & 9.4 | **115,836** | 127,806 |
| Right of Use Asset | 10.1 | **8,918** | 9,292 |
| Investment in Subsidiary | 12 | **1,000** | 1,000 |
| Loan to Subsidiary | 12 | **20,508** | 23,155 |
| Trade and other receivables | 14.1 | **812** | 832 |
| **Total non-current assets** | | **157,793** | 168,844 |
| **Current assets** | | | |
| Inventories | 13.1 | **3,173** | 2,297 |
| Loan to Subsidiary | 12 | **16,048** | 2,649 |
| Trade and other receivables | 14.1 | **23,981** | 22,572 |
| Cash and cash equivalents | 15 | **13,013** | 32,281 |
| **Total current assets** | | **56,215** | 59,799 |
| **Current liabilities** | | | |
| Trade and other payables | 16 | **(30,095)** | (45,254) |
| Borrowings | 19 | **(3,576)** | (2,840) |
| Provisions | 17.1 | **(68)** | (104) |
| Other liabilities | 18 | **(2,044)** | (2,840) |
| **Total current liabilities** | | **(35,783)** | (51,038) |
| **Total assets less current liabilities** | | **178,225** | 177,605 |
| **Non-current liabilities** | | | |
| Trade and other payables | 16 | **-** | - |
| Borrowings | 19 | **(13,162)** | (15,408) |
| Provisions | 17.1 | **(495)** | (662) |
| **Total non-current liabilities** | | **(13,657)** | (16,070) |
| **Total assets employed** | | **164,568** | 161,535 |
| **Financed by taxpayers' equity:** | | | |
| Public Dividend Capital | | **130,515** | 116,818 |
| Revaluation reserve | | **17,350** | 21,253 |
| Income and expenditure reserve | | **16,703** | 23,464 |
| **Total taxpayers' equity (see page 113)** | | **164,568** | 161,535 |

The notes on pages 119-158 form part of these financial statements.

Signed: …… Mr. Jonathan Coulter - Chief Executive

Date: 26 June 2024

## FOUNDATION TRUST STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2024

| | Public Dividend Capital | Revaluation Reserve | Income and Expenditure Reserve | Foundation Trust Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Balance as at 1 April 2023 | 116,818 | 21,253 | 23,464 | 161,535 |
| Surplus for the financial year (see page 115) | - | - | (6,761) | (6,761) |
| Impairments (Note 9.2) | - | (3,903) | - | (3,903) |
| Public Dividend Capital received | 14,633 | - | - | 14,633 |
| Public Dividend Capital repaid | (936) | - | - | (936) |
| Balance at 31 March 2024 | 130,515 | 17,350 | 16,703 | 164,568 |

## FOUNDATION TRUST STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 March 2023

| | Public Dividend Capital | Revaluation Reserve | Income and Expenditure Reserve | Foundation Trust Total |
|---|---|---|---|---|
| | £000 | £000 | £000 | £000 |
| Balance as at 1 April 2022 | 103,938 | 11,548 | 22,495 | 137,981 |
| Surplus for the financial year (see page 115) | - | - | 969 | 969 |
| Revaluations (Note 9.4) | - | 9,705 | - | 9,705 |
| Public Dividend Capital received | 12,880 | - | - | 12,880 |
| Balance at 31 March 2023 | 116,818 | 21,253 | 23,464 | 161,535 |

The notes on pages 119-158 form part of these financial statements.

## FOUNDATION TRUST STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 March 2024

| | Note | Foundation Trust 2023/24 £000 | 2022/23 £000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Operating surplus from continuing operations | | **(4,918)** | 2,119 |
| | | **(4,918)** | 2,119 |
| **Non-cash income and expense** | | | |
| Depreciation and amortisation | 4.2 | **10,567** | 10,033 |
| Net impairments | 8.0 & 9.2 | **2,519** | (238) |
| Income recognised in respect of capital donations | 3.1 | **(941)** | (571) |
| (Increase)/Decrease in trade and other receivables | | **8,799** | (5,707) |
| (Increase)/Decrease in inventories | 13 | **(876)** | (481) |
| Increase/(Decrease) in trade and other payables | | **(11,014)** | (1,749) |
| Increase/(Decrease) in other liabilities | 18 | **(10,796)** | 197 |
| Increase / (Decrease) in provisions | | **(207)** | (147) |
| **NET CASH GENERATED FROM OPERATIONS** | | **(6,867)** | 3,456 |
| **Cash flows from investing activities** | | | |
| Interest received | | **2,587** | 1,875 |
| Purchase of Intangible assets | 8 | **(2,012)** | (3,885) |
| Purchase of Property, Plant and Equipment | | **(8,947)** | (11,279) |
| Receipt of cash donations to purchase capital assets | | **599** | - |
| **Net cash used in investing activities** | | **(7,773)** | (13,289) |
| **Cash flows from financing activities** | | | |
| Public dividend capital received (please see page 117) | | **14,633** | 12,880 |
| Public dividend capital repaid (please see page 117) | | **(936)** | - |
| Movement in loans from the DHSC | | **(1,181)** | (1,180) |
| Movement in loans to subsidiary | | **(10,752)** | (3,970) |
| Capital and Interest element of lease liability repayments | | **(2,265)** | (1,721) |
| Interest paid | | **(153)** | (143) |
| PDC dividend paid | | **(3,974)** | (2,598) |
| **Net cash generated/(used) in financing activities** | | **(4,628)** | 3,268 |
| **Net increase/(decrease) in cash and cash equivalents** | 15 | **(19,268)** | (6,565) |
| Cash and cash equivalents at 1 April 2023 | 15 | **32,281** | 38,846 |
| **Cash and cash equivalents at 31 March 2024** | 15 | **13,013** | 32,281 |

The notes on pages 119-158 form part of these financial statements.

## 1 GROUP ACCOUNTING POLICIES AND OTHER INFORMATION

### 1.1 Basis of preparation

NHS England has directed that the financial statements of NHS Foundation Trusts shall meet the accounting requirements of the Department of Health and Social Care Group Accounting Manual (GAM), which shall be agreed with HM Treasury. Consequently, the following financial statements have been prepared in accordance with the DHSC Group Accounting Manual 2023-24, issued by the Department of Health and Social Care. The accounting policies contained in the GAM follow International Financial Reporting Standards to the extent that they are meaningful and appropriate to the NHS, as determined by HM Treasury, which is advised by the Financial Reporting Advisory Board. Where the DHSC Group Accounting Manual permits a choice of accounting policy, the accounting policy that is judged to be most appropriate to the particular circumstances of the NHS Foundation Trust for the purpose of giving a true and fair view has been selected. The particular policies adopted are described below. These have been applied consistently in dealing with items considered material in relation to the accounts.

### 1.2 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets, inventories and certain financial assets and financial liabilities.

### 1.3 Going concern

These accounts have been prepared on a going concern basis. The financial reporting framework applicable to NHS bodies, derived from the HM Treasury Financial Reporting Manual, defines that the anticipated continued provision of the NHS Foundation Trust's services in the public sector is normally sufficient evidence of going concern. The directors have a reasonable expectation that this will continue to be the case.

### 1.4 Consolidation

**NHS Charitable Fund**
The NHS Foundation Trust is the corporate trustee to the Harrogate and District NHS Foundation Trust Charitable Fund (registered charity number 1050008). The NHS Foundation Trust has assessed its relationship with the charitable fund and determined it to be a subsidiary because the NHS Foundation Trust is exposed to, or has rights to, variable returns and other benefits for itself, patients and staff from its involvement with the charitable fund and has the ability to affect those returns and other benefits through its power over the fund.

The charitable funds statutory accounts are prepared to 31 March in accordance with the UK Charities Statement of Recommended Practice (SORP) which is based on UK Financial Reporting Standard (FRS) 102. On consolidation, necessary adjustments are made to the charity's assets, liabilities and transactions to:

- recognise and measure them in accordance with the NHS Foundation Trust's accounting policies; and
- eliminate intra-group transactions, balances, gains and losses.

**Other subsidiaries**
The NHS Foundation Trust launched Harrogate Healthcare Facilities Management Ltd (HHFM) a wholly owned subsidiary with effect from the 1 March 2018 (registered company number 11048040). HHFM trades as Harrogate Integrated Facilities (HIF). The income, expenses, assets, liabilities, equity and reserves of HHFM are consolidated in full into the appropriate financial statement lines. Appropriate adjustments are made on consolidation where the subsidiary's accounting policies are materially not aligned with NHS Foundation Trust.

The amounts consolidated are the actual amounts for each month of the NHS Foundation Trust's financial year are obtained from the subsidiary and consolidated. Inter-entity balances, transactions and gains/losses are eliminated in full on consolidation.

**Joint ventures**
Joint ventures are arrangements in which the NHS Foundation Trust has joint control with one or more other parties, and where it has the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. The NHS Foundation Trust has equity investment in the following joint ventures:

- Integrated Laboratory Solutions LLP
- Integrated Pathology Solutions LLP

### 1.5 Revenue from contracts with customers

Where income is derived from contracts with customers, it is accounted for under IFRS 15. The GAM expands the definition of a contract to include legislation and regulations which enables an entity to receive cash or another financial asset that is not classified as a tax by the Office of National Statistics (ONS).

Revenue in respect of goods/services provided is recognised when (or as) performance obligations are satisfied by transferring promised goods/services to the customer and is measured at the amount of the transaction price allocated to those performance obligations. At the year end, the NHS Foundation Trust accrues income relating to performance obligations satisfied in that year. Where the NHS Foundation Trust's entitlement to consideration for those goods or services is unconditional a contract receivable will be recognised. Where entitlement to consideration is conditional on a further factor other than the passage of time, a contract asset will be recognised. Where consideration received or receivable relates to a performance obligation that is to be satisfied in a future period, the income is deferred and recognised as a contract liability.

The main source of revenue from contracts for the NHS Foundation Trust are contracts with local authority commissioners in respect of children's service areas. Revenue in respect of services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer, and is measured at the amount of the transaction price allocated to that performance obligation. At the year end, the NHS Foundation Trust accrues income relating to performance obligations satisfied in that year.

### 1.6 Revenue from NHS Contracts

The main source of income for the NHS Foundation Trust is contracts with commissioners for health care services. Funding envelopes are set at an Integrated Care System (ICS) level. The majority of the NHS Foundation Trust's NHS income is earned from NHS commissioners under the NHS Payment Scheme (NHSPS) which replaced the National Tariff Payment System on 1 April 2023. The NHSPS sets out rules to establish the amount payable to NHS Foundation Trusts for NHS funded secondary healthcare.

Aligned payment and incentive contracts form the main payment mechanism under the NHSPS. In 2023/24 API contracts contain both a fixed and variable element. Under the variable element, providers earn income for elective activity (both ordinary and day case), out-patient procedures, out-patient first attendances, diagnostic imaging and nuclear medicine, and chemotherapy delivery activity. The precise definition of these activities is given in the NHSPS. Income is earned at NHSPS prices based on actual activity. The fixed element includes income for all other services covered by the NHSPS assuming an agreed level of activity with 'fixed' in this context meaning not varying based on units of activity. Elements within this are accounted for as variable consideration under IFRS 15 as explained below.

In 2022/23 fixed payments were set at a level assuming the achievement of elective activity targets within aligned payment and incentive contracts. These payments are accompanied by a variable element to adjust income for actual activity delivered on elective services and advice and guidance services. Where actual elective activity delivered differed from the agreed level set in the fixed payments, the variable element either increased or reduced the income earned by the NHS Foundation Trust at a rate of 75% of the tariff price.

The NHS Foundation Trust also receives income from commissioners under Commissioning for Quality Innovation (CQUIN) and Best Practice Tariff (BPT) schemes. Delivery under these schemes is part of how care is provided to patients. As such CQUIN and BPT payments are not considered distinct performance obligations in their own right; instead they form part of the transaction price for performance obligations under the overall contract with the commissioner and accounted for as variable consideration under IFRS 15. Payment for CQUIN and BTP on non-elective services is included in the fixed element of API contracts with adjustments for actual achievement being made at the end of the year. BPT earned on elective activity is included in the variable element of API contracts and paid in line with actual activity performed.

Elective recovery funding provides additional funding to integrated care boards to fund the commissioning of elective services within their systems. In 2023/24, NHS Foundation Trusts do not directly earn elective recovery funding, instead earning income for actual activity performed under API contract arrangements as explained above. The level of activity delivered by the NHS Foundation Trust contributes to system performance and therefore the availability of funding to the NHS Foundation Trust's commissioners. In 2022/23 elective recovery funding for providers was separately identified within the aligned payment and incentive contracts.

### 1.7 NHS Injury Cost Recovery Scheme

The NHS Foundation Trust receives income under the NHS Injury Cost Recovery Scheme, designed to reclaim the cost of treating injured individuals to whom personal injury compensation has subsequently been paid, for instance by an insurer. The NHS Foundation Trust recognises the income when performance obligations are satisfied. In practical terms this means that treatment has been given, it receives notification from the Department of Work and Pension's Compensation Recovery Unit, has completed the NHS2 form and confirmed there are no discrepancies with the treatment. The income is measured at the agreed tariff for the treatments provided to the injured individual, less an allowance for unsuccessful compensation claims and doubtful debts in line with IFRS 9 requirements or measuring expected credit losses over the lifetime of the asset.

### 1.8 Other forms of income

**Grants and donations**

Government grants are grants from government bodies other than income from commissioners or trusts for the provision of services. Where a grant is used to fund revenue expenditure it is taken to the Statement of Comprehensive Income to match that expenditure. Where the grant is used to fund capital expenditure, it is credited to the Statement of Comprehensive Income once conditions attached to the grant have been met. Donations are treated in the same way as government grants.

**Apprenticeship service income (formerly called Apprenticeship Levy)**

The value of the benefit received when accessing funds from the Government's apprenticeship service is recognised as income at the point of receipt of the training service. Where these funds are paid directly to an accredited training provider from the Trust's Digital Apprenticeship Service (DAS) account held by the Department for Education, the corresponding notional expense is also recognised at the point of recognition for the benefit.

### 1.9 Expenditure on employee benefits

**Short term employee benefits**

Salaries, wages and employment-related payments such as social security costs and the apprenticeship levy are recognised in the period in which the service is received from employees. The cost of annual leave entitlement earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave into the following period.

**Pension costs - NHS Pension Scheme**

Past and present employees are covered by the provisions of the two NHS Pension Schemes. Both schemes are unfunded, defined benefit schemes that cover NHS employer, general practices and other bodies, allowed under the direction of Secretary of State for Health and Social Care in England and Wales. The scheme is not designed in a way that would enable employers to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as though it is a defined contribution scheme: the cost to the trust is taken as equal to the employer's pension contributions payable to the scheme for the accounting period. The contributions are charged to operating expenses as they become due.

Additional pension liabilities arising from early retirements are not funded by the scheme except where the retirement is due to ill-health. The full amount of the liability for the additional costs is charged to the operating expenses at the time the NHS Foundation Trust commits itself to the retirement, regardless of the method of payment.

**Pension costs - National Employment Savings Trust (NEST) Pension Scheme**

The Pensions Act 2008 requirements created a duty for the NHS Foundation Trust to provide a pension scheme for employees who are ineligible to join the NHS Pension Scheme. The NHS Foundation Trust selected NEST as it's partner to meet this duty. The scheme operated by NEST on the NHS Foundation Trust's behalf is a defined contribution scheme and employers contributions are charged to operating expenses as and when they become due.

**1.9 Expenditure on employee benefits (continued)**

**Pension costs - HHFM defined contribution scheme (The People's Pension)**

A defined contribution plan is a post employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

A number of the HHFM employees remain within the NHS Pension Scheme, however HHFM also operates a defined contribution pension scheme, The assets of the scheme are held separately from those of the Group in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

**1.10 Expenditure on other goods and services**

Expenditure on goods and services is recognised when, and to the extent that they have been received, and is measured at the fair value of those goods and services. Expenditure is recognised in operating expenses except where it results in the creation of a non-current asset such as property, plant and equipment.

**1.11 Property, plant and equipment**

**Recognition**

Property, plant and equipment is capitalised where;

- it is held for use in delivering services or for administrative purposes;
- it is probable that future economic benefits will flow to, or service potential will be supplied to the NHS Foundation Trust
- it is expected to be used for more than one financial year;
- the cost of the item can be measured reliably; and either
- individually has a cost of at least £5,000; or
- collectively has a cost of at least £5,000 and individually has a cost of more than £250, where the assets are functionally interdependent, they had broadly simultaneous purchase dates, are anticipated to have similar disposal dates and are under single managerial control; or
- form part of the initial equipping and setting-up cost of a new building, ward or unit irrespective of their individual or collective cost.

Where a large asset, for example a building, includes a number of components with significantly different asset lives, e.g. plant and equipment, then these components are treated as separate assets and depreciated over their own useful lives.

**Subsequent expenditure**

Subsequent expenditure relating to an item of property, plant and equipment is recognised as an increase in the carrying amount of the asset when it is probable that additional future economic benefits or service potential deriving from the cost incurred to replace a component of such item will flow to the enterprise and the cost of the item can be determined reliably. Where a component of an asset is replaced, the cost of the replacement is capitalised if it meets the criteria for recognition above. The carrying amount of the part replaced is de-recognised. Other expenditure that does not generate additional future economic benefits or service potential, such as repairs and maintenance is charged to the Statement of Comprehensive Income in the period in which it is incurred.

**Measurement (valuation)**

All property, plant and equipment assets are measured initially at cost, representing the costs directly attributable to acquiring or constructing the asset and bringing it to the location and condition necessary for it to be capable of operating in the manner intended by management.

**1.11 Property, plant and equipment (continued)**

**Measurement (valuation)**

Assets are measured subsequently at valuation. Assets which are held for their service potential and are in use (ie operational assets used to deliver either front line services or back office functions) are measured at their current value in existing use. Assets that were most recently held for their service potential but are surplus with no plan to bring them back into use are measured at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Revaluations of property, plant and equipment are performed with sufficient regularity to ensure that carrying values are not materially different from those that would be determined at the end of the reporting period. Current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use.
- Specialised buildings – depreciated replacement cost on a modern equivalent asset basis.

For specialised assets, current value in existing use is interpreted as the present value of the asset's remaining service potential, which is assumed to be at least equal to the cost of replacing that service potential. Specialised assets are therefore valued at their depreciated replacement cost (DRC) on a modern equivalent asset (MEA) basis. An MEA basis assumes that the asset will be replaced with a modern asset of equivalent capacity and location requirements of the services being provided. Assets held at depreciated replacement cost have been valued on an alternative site basis where this would meet the location requirements.

Properties in the course of construction for service or administration purposes are carried at cost, less any impairment loss. Cost includes professional fees and, where capitalised in accordance with IAS 23, borrowings costs. Assets are revalued and depreciation commences when the assets are brought into use.

IT equipment, transport equipment, furniture and fittings, and plant and machinery that are held for operational use are valued at depreciated historic cost where these assets have short useful lives or low values or both, as this is not considered to be materially different from current value in existing use.

**Depreciation**

Items of property, plant and equipment are depreciated over their remaining useful lives in a manner consistent with the consumption of economic or service delivery benefits. Freehold land is considered to have an infinite life and is not depreciated.

Property, plant and equipment which have been reclassified as 'held for sale' cease to be depreciated upon the reclassification. Assets in the course of construction are not depreciated until the asset is brought into use.

**Revaluation gains and losses**

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure.

Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned, and thereafter are charged to operating expenses.

Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

**1.11 Property, plant and equipment (continued)**

**Impairments**

In accordance with the GAM, impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of (i) the impairment charged to operating expenses; and (ii) the balance in the revaluation reserve attributable to that asset before the impairment.

An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised.

Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

**De-recognition**

Assets intended for disposal are reclassified as 'held for sale' once the criteria in IFRS 5 are met. The sale must be highly probable and the asset available for immediate sale in its present condition.

Following reclassification, the assets are measured at the lower of their existing carrying amount and their fair value less costs to sell. Depreciation ceases to be charged and the assets are not revalued, except where the 'fair value less costs to sell' falls below the carrying amount. Assets are de-recognised when all material sale contract conditions have been met.

Property, plant and equipment which is to be scrapped or demolished does not qualify for recognition as 'held for sale' and instead is retained as an operational asset and the asset's useful life is adjusted. The asset is de-recognised when scrapping or demolition occurs.

**Donated and grant funded assets**

Donated and grant funded property, plant and equipment assets are capitalised at their fair value on receipt. The donation/grant is credited to income at the same time, unless the donor has imposed a condition that the future economic benefits embodied in the grant are to be consumed in a manner specified by the donor, in which case, the donation/grant is deferred within liabilities and is carried forward to future financial years to the extent that the condition has not yet been met.

The donated and grant funded assets are subsequently accounted for in the same manner as other items of property, plant and equipment.

This includes assets donated to the NHS Foundation Trust by the Department of Health and Social Care as part of the response to the coronavirus pandemic. As defined in the GAM, the NHS Foundation Trust applies the principle of donated asset accounting to assets that the NHS Foundation Trust controls and is obtaining economic benefits from at the year end.

**Useful lives of property, plant and equipment**
Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

| | Min life Years | Max life Years |
|---|---|---|
| Land | - | - |
| Buildings, excluding dwellings* | 1 | 90 |
| Dwellings* | 1 | 90 |
| Plant & machinery | 5 | 16 |
| Transport equipment | 5 | 11 |
| Information technology | 5 | 11 |
| Furniture & fittings | 5 | 11 |

*Assessed by a RICS qualified valuer when a valuation takes place

## 1.12 Intangible Assets

### Recognition

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the NHS Foundation Trust's business or which arise from contractual or other legal rights. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to, the NHS Foundation Trust and where the cost of the asset can be measured reliably.

Internally generated goodwill, brands, mastheads, publishing titles, customer lists and similar items are not capitalised as intangible assets.

Expenditure on research is not capitalised. Expenditure on development is capitalised when it meets the requirements set out in IAS 38.

Software which is integral to the operation of hardware, eg an operating system, is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware, eg application software, is capitalised as an intangible asset.

### Measurement

Intangible assets are recognised initially at cost, comprising all directly attributable costs needed to create, produce and prepare the asset to the point that it is capable of operating in the manner intended by management.

Subsequently intangible assets are measured at current value in existing use. Where no active market exists, intangible assets are valued at the lower of depreciated replacement cost and the value in use where the asset is income generating. Revaluations gains and losses and impairments are treated in the same manner as for property, plant and equipment. An intangible asset which is surplus with no plan to bring it back into use is valued at fair value where there are no restrictions on sale at the reporting date and where they do not meet the definitions of investment properties or assets held for sale.

Intangible assets held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

### Amortisation

Intangible assets are amortised over their expected useful lives in a manner consistent with the consumption of economic or service delivery benefits.

### Useful lives of intangible assets

Useful lives reflect the total life of an asset and not the remaining life of an asset. The range of useful lives are shown in the table below:

| | Min life Years | Max life Years |
|---|---|---|
| Information technology | 2 | 10 |
| Development expenditure | 2 | 10 |
| Websites | 2 | 10 |
| Software licences | 2 | 10 |
| Licences & trademarks | 2 | 10 |
| Patents | 2 | 10 |
| Other (purchased) | 2 | 10 |
| Goodwill | 2 | 10 |

### 1.13 Inventories

Inventories are valued at the lower of cost and net realisable value, using the first-in first out cost formula.

The NHS Foundation Trust received inventories including personal protective equipment from the Department of Health and Social Care at nil cost. In line with the GAM and applying the principles of the IFRS Conceptual Framework, the NHS Foundation Trust has accounted for the receipt of these inventories at a deemed cost, reflecting the best available approximation of an imputed market value for the transaction based on the cost of acquisition by the Department.

### 1.14 Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the NHS Foundation Trust's cash management. Cash, bank and overdraft balances are recorded at current values.

### 1.15 Financial assets and financial liabilities

**Recognition**

Financial assets and financial liabilities arise where the NHS Foundation Trust is party to the contractual provisions of a financial instrument, and as a result has a legal right to receive or a legal obligation to pay cash or another financial instrument. The GAM expands the definition of a contract to include legislation and regulations which give rise to arrangements that in all other respects would be a financial instrument and do not give rise to transactions classified as a tax by ONS.

This includes the purchase or sale of non-financial items (such as goods or services), which are entered into in accordance with the NHS Foundation Trust's normal purchase, sale or usage requirements and are recognised when, and to the extent which, performance occurs, ie, when receipt or delivery of the goods or services is made.

**Classification and measurement**

Financial assets and financial liabilities are initially measured at fair value plus or minus directly attributable transaction costs except where the asset or liability is not measured at fair value through income and expenditure. Fair value is taken as the transaction price, or otherwise determined by reference to quoted market prices or valuation techniques.

Financial assets or financial liabilities in respect of assets acquired or disposed of through leasing arrangements are recognised and measured in accordance with the accounting policy for leases described below.

Financial assets are classified as subsequently measured at amortised cost, fair value through income and expenditure.

Financial liabilities classified as subsequently measured at amortised cost.

**Financial assets and financial liabilities at amortised cost**

Financial assets and financial liabilities at amortised cost are those held with the objective of collecting contractual cash flows and where cash flows are solely payments of principal and interest. This includes cash equivalents, contract and other receivables, trade and other payables, rights and obligations under lease arrangements and loans receivable and payable.

After initial recognition, these financial assets and financial liabilities are measured at amortised cost using the effective interest method less any impairment (for financial assets). The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

**Financial assets and financial liabilities at amortised cost (continued)**

Interest revenue or expense is calculated by applying the effective interest rate to the gross carrying amount of a financial asset or amortised cost of a financial liability and recognised in the Statement of Comprehensive Income and a financing income or expense. In the case of loans held from the Department of Health and Social Care, the effective interest rate is the nominal rate of interest charged on the loan.

**Financial assets and financial liabilities at fair value through income and expenditure.**

Financial assets measured at fair value through profit or loss are those that are not otherwise measured at amortised cost or at fair value through other comprehensive income. This category also includes financial assets and liabilities acquired principally for the purpose of selling in the short term (held for trading) and derivatives. Derivatives which are embedded in other contracts, but which are separable from the host contract are measured within this category. Movements in the fair value of financial assets and liabilities in this category are recognised as gains or losses in the Statement of Comprehensive income.

**Impairment of financial assets**

For all financial assets measured at amortised cost including lease receivables, contract receivables and contract assets or assets measured at fair value through other comprehensive income, the Trust recognises an allowance for expected credit losses.

The NHS Foundation Trust adopts the simplified approach to impairment for contract and other receivables, contract assets and lease receivables, measuring expected losses as at an amount equal to lifetime expected losses. For other financial assets, the loss allowance is initially measured at an amount equal to 12-month expected credit losses (stage 1) and subsequently at an amount equal to lifetime expected credit losses if the credit risk assessed for the financial asset significantly increases (stage 2).

There are no expected credit losses for NHS receivables. The NHS Foundation Trust split other debtors into categories e.g. overseas visitors, private patients etc. These classes are assessed for expected credit losses based on the last 12 months' data, and the percentages are then applied to the current debts.

For financial assets that have become credit impaired since initial recognition (stage 3), expected credit losses at the reporting date are measured as the difference between the asset’s gross carrying amount and the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate.

Expected losses are charged to operating expenditure within the Statement of Comprehensive Income and reduce the net carrying value of the financial asset in the Statement of Financial Position.

**De-recognition**

Financial assets are de-recognised when the contractual rights to receive cash flows from the assets have expired or the NHS Foundation Trust has transferred substantially all the risks and rewards of ownership.

Financial liabilities are de-recognised when the obligation is discharged, cancelled or expires.

## 1.16 Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that for NHS bodies, this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease. The NHS Foundation Trust does not apply lease accounting to new contracts for the use of intangible assets.

The NHS Foundation Trust determines the term of the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which the NHS Foundation Trust is reasonably certain to exercise.

**1.16 Leases (continued)**

**The NHS Foundation Trust as a lessee**

*Initial recognition and measurement*

At the commencement date of the lease, being when the asset is made available for use, the NHS Foundation Trust recognises a right of use asset and a lease liability.

The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term.

The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments includes fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised.

Where an implicit rate cannot be readily determined, the NHS Foundation Trust's incremental borrowing rate is applied. This rate is determined by HM Treasury annually for each calendar year. A nominal rate of 3.51% applied to new leases commencing in 2023 and 4.72% to new leases commencing in 2024.

The NHS Foundation Trust does not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £5,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term. Irrecoverable VAT on lease payments is expensed as it falls due.

*Subsequent measurement*

As required by a HM Treasury interpretation of the accounting standard for the public sector, the NHS Foundation Trust employs a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy for the value of the right of use asset.

The NHS Foundation Trust subsequently measures the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments.

**The NHS Foundation Trust as a lessor**

The NHS Foundation Trust assesses each of its leases and classifies them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Where the NHS Foundation Trust is an intermediate lessor, classification of the sublease is determined with reference to the right of use asset arising from the headlease.

*Finance leases*
Amounts due from lessees under finance leases are recorded as receivables at the amount of the NHS Foundation Trust's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the NHS Foundation Trust's net investment outstanding in respect of the leases.

*Operating leases*
Income from operating leases is recognised on a straight-line basis or another systematic basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

**1.16 Leases (cont)**

**Initial application of IFRS 16 in 2022/23**

IFRS 16 Leases as adapted and interpreted for the public sector by HM Treasury was applied to these financial statements with an initial application date of 1 April 2022. IFRS 16 replaced IAS 17 Leases, IFRIC 4 Determining whether an arrangement contains a lease and other interpretations.

The standard was applied using a modified retrospective approach with the cumulative impact recognised in the income and expenditure reserve on 1 April 2022. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited.

*The NHS Foundation Trust as lessee*
For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2022 equal to the present value of future lease payments discounted at the NHS Foundation Trust's incremental borrowing rate of 0.95%. A right of use asset was created equal to the lease liability and adjusted for prepaid and accrued lease payments and deferred lease incentives recognised in the Statement of Financial Position immediately prior to initial application. Hindsight was used in determining the lease term where lease arrangements contained options for extension or earlier termination.

No adjustments were made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2022 or for leases where the underlying assets had a value below £5,000. No adjustments were made in respect of leases previously classified as finance leases.

*The NHS Foundation Trust as lessor*
Leases of owned assets where the NHS Foundation Trust was lessor were unaffected by initial application of IFRS 16. For existing arrangements where the NHS Foundation Trust was an intermediate lessor, classification of all continuing sublease arrangements was reassessed with reference to the right of use asset.

**1.17 Provisions**

The NHS Foundation Trust recognises a provision where it has a present legal or constructive obligation of uncertain timing or amount; for which it is probable that there will be a future outflow of cash or other resources; and a reliable estimate can be made of the amount. The amount recognised in the Statement of Financial Position is the best estimate of the resources required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using HM Treasury's discount rates effective from 31 March 2024:

| | | Nominal rate | Prior year rate |
|---|---|---|---|
| Short-term | Up to 5 years | 4.26% | 3.27% |
| Medium-term | After 5 years up to 10 years | 4.03% | 3.20% |
| Long-term | After 10 years up to 40 years | 4.72% | 3.51% |
| | Exceeding 40 years | 4.40% | 3.00% |

HM Treasury provides discount rates for general provisions on a nominal rate basis. Expected future cash flows are therefore adjusted for the impact of inflation before discounting using nominal rates. The following inflation rates are set by HM Treasury, effective from 31 March 2024:

| | Inflation rate | Prior year rate |
|---|---|---|
| Year 1 | 3.60% | 7.40% |
| Year 2 | 1.80% | 0.60% |
| Into perpetuity | 2.00% | 2.00% |

Early retirement provisions and injury benefit provisions both use the HM Treasury's post employment benefits discount rate of minus 2.45% in real terms (prior year: 1.70%).

### 1.18 Clinical negligence costs

NHS Resolution (the trading name of the NHS Litigation Authority NHSLA) operates a risk pooling scheme under which the NHS Foundation Trust pays an annual contribution to NHS Resolution, which in return settles all clinical negligence claims. The contribution is charged to expenditure. Although NHS Resolution is administratively responsible for all clinical negligence cases, the legal liability remains with the NHS Foundation Trust. The total value of clinical negligence provisions carried by NHS Resolution on behalf of the trust is disclosed at note 17. Provisions but is not recognised in the NHS Foundation Trust's accounts.

### 1.19 Non-clinical risk pooling

The NHS Foundation Trust participates in the Property Expenses Scheme and the Liabilities to Third Parties Scheme. Both are risk pooling schemes under which the NHS Foundation Trust pays an annual contribution to NHS Resolution and, in return, receives assistance with the costs of claims arising. The annual membership contributions, and any excesses payable in respect of particular claims are charged to operating expenses as and when they become due.

### 1.20 Contingent liabilities and contingent assets

Contingent assets (that is, assets arising from past events whose existence will only be confirmed by one or more future events not wholly within the entity's control) are not recognised as assets, but are disclosed in notes to the Accounts where an inflow of economic benefits is probable.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non - occurrence of one or more uncertain future events not wholly within the control of the NHS Foundation Trust, or

- a present obligation that is not recognised because it is not probable that a payment will be required to settle the obligation, or the amount of the obligation cannot be measured sufficiently reliably.

Contingent liabilities are not recognised, but are disclosed in notes to the Accounts, unless the probability of a transfer of economic benefits is remote.

### 1.21 Public Dividend Capital

Public dividend capital is a type of public sector equity finance, which represents the Department of Health and Social Care's investment in the trust. HM Treasury has determined that, being issued under statutory authority rather than under contract, PDC is not a financial instrument within the meaning of IAS 32.

The Secretary of State can issue new PDC to, and require repayments of PDC from, the NHS Foundation Trust. PDC is recorded at the value received.

A charge, reflecting the cost of capital utilised by the NHS Foundation Trust, is payable as public dividend capital dividend. The charge is calculated at the rate set by HM Treasury (currently 3.5%) on the average relevant net assets of the NHS Foundation Trust during the financial year. Relevant net assets are calculated as the value of all assets less the value of all liabilities, with certain additions and deductions as defined in the PDC dividend policy issued by the Department of Health and Social Care. This policy is available at https://www.gov.uk/government/publications/guidance-on-financing-available-to-nhs-trusts-and-foundation-trusts.

In accordance with the requirements laid down by the Department of Health and Social Care (as the issuer of PDC), the dividend for the year is calculated on the actual average relevant net assets as set out in the "pre-audit" version of the annual accounts. The dividend calculated is not revised should any adjustment to net assets occur as a result the audit of the annual accounts.

### 1.22 Value added tax

Most of the activities of the NHS Foundation Trust are outside the scope of VAT and, in general, output tax does not apply and input tax on purchases is not recoverable. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets. Where output tax is charged or input VAT is recoverable, the amounts are stated net of VAT.

### 1.23 Corporation Tax

The NHS Foundation Trust is a Health Service Body within the meaning of s519A ICTA 1988 and accordingly is exempt from taxation in respect of income and capital gains within categories covered by this but the NHS Foundation Trust is potentially within the scope of corporation tax in respect of activities where income is received from a non public sector source.

The NHS Foundation Trust has determined that it has no corporation tax liability, as all activities are either ancillary to healthcare or below the de minimus level of profit at which tax is payable. However Harrogate Healthcare Facilities Management Ltd is a wholly owned subsidiary of NHS Foundation Trust and is subject to corporation tax on its profits.

### 1.24 Climate Change Levy

Expenditure on the climate change levy is recognised in the Statement of Comprehensive Income as incurred, based on the prevailing chargeable rates for energy consumption.

### 1.25 Foreign exchange

The functional and presentational currency of the NHS Foundation Trust is sterling.

Transactions that are denominated in a foreign currency are translated into sterling at the exchange rate ruling on the dates of the transactions. Resulting exchange rate gains and losses are taken to the Statement of Comprehensive Income.

### 1.26 Third party assets

Assets belonging to third parties in which the NHS Foundation Trust has no beneficial interest (such as money held on behalf of patients) are not recognised in the accounts. However, they are disclosed in a separate note to the accounts in accordance with the requirements of HM Treasury's FReM.

### 1.27 Losses and special payments

Losses and special payments are items that Parliament would not have contemplated when it agreed funds for the health service or passed legislation. By their nature they are items that ideally should not arise. They are therefore subject to special control procedures compared with the generality of payments. They are divided into different categories, which govern the way that individual cases are handled.

Losses and special payments are charged to the relevant functional headings in expenditure on an accruals basis.

The losses and special payments note is compiled directly from the losses and compensations register which reports on an accrual basis with the exception of provisions for future losses.

### 1.28 Gifts

Gifts are items that are voluntarily donated, with no preconditions and without the expectation of any return. Gifts include all transactions economically equivalent to free and unremunerated transfers, such as the loan of an asset for its expected useful life, and the sale or lease of assets at below market value.

### 1.29 Early adoption of standards, amendments and interpretations

No new accounting standards or revisions to existing standards have been early adopted in 2023/24.

### 1.30 Standards, amendments and interpretations in issue but not yet effective or adopted

The DHSC GAM does not require the following IFRS Standards and Interpretations to be applied in 2023-24. These Standards are still subject to HM Treasury FReM adoption.

IFRS 17 Insurance Contracts – This Standard is planned to be effective for Government bodies for the first time in the financial year beginning 1 April 2025.

### 1.31 Critical judgements in applying accounting policies

The following are the judgements, apart from those involving estimations (see below) that management has made in the process of applying the NHS Foundation Trust's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

*Valuation of land and buildings*

HM Treasury requires NHS Foundation Trusts to value their land and buildings on a Modern Equivalent Asset (MEA) basis i.e. the "replacement cost", based on the cost of a modern replacement asset that has the same productive capacity as the property being valued. IAS 16 requires NHS Foundation Trusts to ensure that fixed assets are shown in their accounts at a fair value. To ensure compliance a full review of land and buildings values was undertaken. The NHS Foundation Trust commissioned the Valuation Office to conduct this piece of work with the remit that the MEA valuation should be based on an alternative site basis. The NHS Foundation Trust relies on the professional services of the Valuation Office for the accuracy of such valuations.

Since the NHS Foundation Trust created a subsidiary company "Harrogate Healthcare Facilities Management Ltd". The subsidiary company became responsible for the provision of a Managed Healthcare Facility to the NHS Foundation Trust, a consequence of this was that VAT became recoverable under an MEA alternative site valuation.

*Leases*

All leases, with limited exceptions, are now treated as Finance leases under IFRS16. Management judgement has been excercised in the absence of the legal form of a contract where lease-like arrangements are in place, to include them as Finance leases. Management have used historical knowledge and understanding of the commercial terms normally in place for such arrangements, to make informed assumptions regarding the lease terms, which have been used in the initial measurement of the Right of Use asset and the corresponding liability.

### 1.32 Sources of estimation uncertainty

The following are assumptions about the future and other major sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Although the NHS Foundation Trust makes estimates within these financial statements such as incomplete patient spells, accrued income, annual leave accrual and provisions e.g. early retirements, the amounts involved would not cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## 2 Operating segments

### 2.1 Group operating segments

The NHS foundation trust's Board as "Chief Operating Decision Maker" has determined that the Trust operates in one material segment, which is the Provision of Healthcare Services. The segmental reporting format reflects the Trust's management and internal reporting structure.

The Provision of Healthcare Services (including Medical Treatment, Research and Education) is within one main geographical segment, the United Kingdom, and materially from Departments of HM Government in England.

Income from Patient Activities (medical treatment of patients) is analysed by nature and source in Note 3.1 to the Financial Statements. Other Operating Income is analysed in Note 3.2 to the Financial Statements and materially consists of revenues from Education and Training, Staff Recharges (secondments) and Non-patient care services to other bodies.

The Trust's 100% wholly owned subsidiary Harrogate Healthcare Facilities Management Ltd (HHFM) commenced trading on 1 March 2018 to deliver services under a 25 year Operated Healthcare Facility contract back to the Trust. However this has not resulted in a change to the operating segment which is the Provision of Healthcare Services.

## 3 Operating Income from continuing operations

### 3.1 Analysis of patient care operating income

| | Foundation Trust & Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Income from activities by nature:** | | |
| **Acute services** | | |
| Aligned payment & incentive (API) income - Variable (based on activity) | **13,643** | |
| Aligned payment & incentive (API) income - Fixed (not variable based on activity) | **199,448** | 198,262 |
| High cost drugs income from commissioners | **7,817** | 8,148 |
| Other NHS clinical income | **16,529** | 787 |
| **Community services** | | |
| Aligned payment & incentive (API) income | **31,759** | 31,570 |
| Income from other sources (e.g. local authorities) | **56,922** | 53,011 |
| **All trusts** | | |
| Private patient income | **895** | 521 |
| Elective recovery fund (comparative only) | | 5,431 |
| Pay award central funding | **137** | 8,325 |
| Additional pension contribution central funding (see below*) | **9,910** | 8,818 |
| Other clinical income | **-** | 33 |
| **Total income from activities** | **337,060** | 314,906 |

| | Foundation Trust & Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Income from activities by source:** | | |
| NHS England (including central funding for AfC pay award in 2022/23) | **30,755** | 41,918 |
| Clinical commissioning groups (comparative only) | | 48,630 |
| Integrated care boards | **247,457** | 166,016 |
| NHS foundation trusts and NHS Trusts | **396** | 335 |
| Local Authorities | **57,026** | 53,010 |
| Department of Health and Social Care | **-** | 20 |
| NHS Other | **49** | 4,028 |
| Non NHS: Private Patients | **740** | 463 |
| Non NHS: Overseas Patients (non-reciprocal, chargeable to patient) | **155** | 59 |
| Injury cost recovery scheme (see below**) | **482** | 335 |
| Non NHS: Other | **-** | 92 |
| **Total income from activities** | **337,060** | 314,906 |

### 3.2 Analysis of other operating income

| | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Group other operating income:** | | |
| Research and development | **1,075** | 1,030 |
| Education and training (excluding notional income from apprenticeship fund) | **10,940** | 19,028 |
| Non-patient care services to other bodies | **2,333** | 4,201 |
| Reimbursement and top up funding (comparative only) | | 414 |
| Staff recharges (secondments) | **5,393** | 5,278 |
| Education and training - notional income from apprenticeship fund | **786** | 880 |
| Donations/grants of physical assets (non-cash) - received from NHS charities | **-** | - |
| Donations/grants of physical assets (non-cash) - received from other bodies | **-** | 461 |
| Cash grants for the purchase of capital assets - received from other bodies | **941** | 572 |
| Contributions to expenditure - consumables (inventory) donated from DHSC | **75** | 455 |
| HDFT Charitable Funds: Incoming Resources excluding investment income | **929** | 604 |
| Other | **5,531** | 4,441 |
| **Group total other operating income** | **28,003** | 37,364 |
| **Group total operating income** | **365,063** | 352,270 |

*The employer contribution rate for NHS pensions increased from 14.3% to 20.6% (excluding administration charge) from 1 April 2019. Since 2019/20, NHS providers have continued to pay over contributions at the lower rate with the additional amount being paid over by NHS England on providers' behalf. The full cost and related funding have been recognised in these accounts.

** Injury cost scheme income is subject to a provision for doubtful debts of 22.43% (2023: 22.43%) to reflect expected rates of collection.

**3.2 Analysis of operating income (continued)**

| | Foundation Trust | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Total income from activities** | **337,060** | 314,906 |
| Less additional pension contribution central funding (belonging to Subsidiary Company) | **(212)** | - |
| | **336,848** | 314,906 |
| **Foundation Trust other operating income:** | | |
| Research and development | **1,075** | 1,030 |
| Education and training (excluding notional income from apprenticeship fund) | **10,939** | 19,028 |
| Non-patient care services to other bodies | **3,120** | 4,988 |
| Reimbursement and top up funding (comparative only) | | 298 |
| Staff recharges (secondments) | **5,451** | 5,378 |
| Education and training - notional income from apprenticeship fund | **786** | 880 |
| Donations/grants of physical assets (non-cash) - received from NHS charities | **342** | - |
| Donations/grants of physical assets (non-cash) - received from other bodies | **-** | 461 |
| Cash grants for the purchase of capital assets - received from other bodies | **599** | 571 |
| Contributions to expenditure - consumables (inventory) donated from DHSC group bodies | **75** | 455 |
| Other | **3,794** | 4,171 |
| **Foundation Trust total other operating income** | **26,181** | 37,260 |
| **Foundation Trust total operating income** | **363,029** | 352,166 |

**3.3 Overseas visitors (relating to patients charged directly by the foundation trust)**

Income recognised in year relating to overseas visitors was £155k (2023 £59k), payments received in year (relating to invoices raised in current and previous years) was £71k (2023 £26k) and amounts written off in year (relating to invoices raised in current and previous years) was £0k (2023 £0k).

**3.4 Analysis of income from activities by Commissioner Requested Services (CRS) and Non-Commissioner Requested Services (Non-CRS).**

Under the terms of its provider licence, the Trust is required to analyse the level of income from activities that has arisen from commissioner requested and non-commissioner requested services. Commissioner requested services are defined in the provider licence and are services that commissioners believe would need to be protected in the event of provider failure. This information is provided in the table below:

| | Foundation Trust & Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Commissioner Requested Services | **186,461** | 179,577 |
| Non-Commissioner Requested Services | **150,599** | 135,329 |
| **Total** | **337,060** | 314,906 |

## 4. Operating Expenses from continuing operations

### 4.1 Group operating expenses comprise:

| | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Purchase of healthcare from NHS and DHSC group bodies | **65** | 110 |
| Purchase of healthcare from non-NHS and non-DHSC group bodies | **104** | 229 |
| Staff and executive directors costs | **264,336** | 252,229 |
| Non-executive directors | **208** | 212 |
| Supplies and services - clinical (excluding drugs costs) | **28,543** | 25,731 |
| Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response | **75** | 455 |
| Supplies and services - general | **1,476** | 2,318 |
| Drug costs (see note 13.2) | **22,674** | 20,168 |
| Consultancy costs | **399** | 1,018 |
| Establishment | **3,039** | 2,552 |
| Premises - business rates payable to local authorities | **1,097** | 371 |
| Premises - other | **12,794** | 12,029 |
| Transport (including Patients' travel) | **2,168** | 1,866 |
| Depreciation on property, plant and equipment | **10,206** | 9,299 |
| Amortisation on intangible assets (see note 8) | **1,073** | 1,275 |
| Net Impairments/(Reversals) of property, plant and equipment | **2,519** | (238) |
| Increase in provision for irrecoverable debts | **1,047** | (1,707) |
| Audit services- statutory audit | **214** | 174 |
| Charitable fund audit | **14** | - |
| Internal audit costs | **214** | 201 |
| NHS Resolution contribution - Clinical Negligence | **6,231** | 6,529 |
| Legal fees | **662** | 58 |
| Insurance | **333** | 30 |
| Research and development | **-** | 12 |
| Education and training | **3,395** | 9,414 |
| Education and training - notional expenditure funded from apprenticeship fund | **786** | 880 |
| Early retirements | **(8)** | 10 |
| Redundancy | **30** | 134 |
| Hospitality | **136** | 4 |
| Losses, ex gratia and special payments (see note 20) | **78** | 22 |
| HDFT Charitable funds: Other resources expended | **1,119** | 992 |
| Other | **3,706** | 2,627 |
| **Group total operating expenses** | **368,733** | 349,004 |

## 4. Operating Expenses from continuing operations (Continued)

| 4.2 Foundation Trust operating expenses comprise: | Foundation Trust | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Purchase of healthcare from NHS and DHSC bodies | **65** | 109 |
| Purchase of healthcare from non-NHS and non-DHSC bodies | **104** | 229 |
| Staff and executive directors costs | **252,618** | 242,329 |
| Non-executive directors | **179** | 185 |
| Drug costs (see note 13.2) | **22,674** | 20,168 |
| Supplies and services - clinical (excluding drugs costs) | **25,738** | 23,163 |
| Supplies and services – clinical: utilisation of consumables donated from DHSC group bodies for COVID response | **75** | 455 |
| Supplies and services - general | **22,668** | 22,683 |
| Establishment | **2,607** | 2,227 |
| Research and development | **-** | 12 |
| Transport (including Patients' travel) | **2,074** | 1,749 |
| Premises - business rates payable to local authorities | **1,097** | 371 |
| Premises - other | **8,140** | 7,678 |
| Increase/(Decrease) in provision for irrecoverable debts | **1,047** | (1,707) |
| Depreciation on property, plant and equipment | **9,494** | 8,758 |
| Amortisation on intangible assets (see note 8) | **1,073** | 1,275 |
| Net Impairments/(Reversals) of property, plant and equipment | **2,519** | (238) |
| Audit services- statutory audit | **181** | 141 |
| NHS Resolution contribution - Clinical Negligence | **6,229** | 6,529 |
| Legal fees | **625** | (233) |
| Consultancy costs | **340** | 1,004 |
| Internal audit costs | **192** | 182 |
| Education and training | **3,339** | 9,374 |
| Education and training - notional expenditure funded from apprenticeship fund | **786** | 880 |
| Redundancy | **30** | 134 |
| Early retirements | **(8)** | 10 |
| Hospitality | **137** | 73 |
| Insurance | **245** | 289 |
| Losses, ex gratia and special payments (see note 20) | **78** | 22 |
| Other | **3,601** | 2,196 |
| **Foundation Trust total operating expenses** | **367,947** | 350,047 |

**4.3 Limitation on external auditor's liability**

| | Foundation Trust & Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Limitation on external auditor's liability | **1,000** | 1,000 |
| | **1,000** | 1,000 |

**5. Employee costs and numbers**

**5.1 Employee costs**

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | **Total** | **Permanently** | | Total | Permanently | |
| | **2023/24** | **Employed** | **Other** | 2022/23 | Employed | Other |
| | **£000** | **£000** | **£000** | £000 | £000 | £000 |
| Salaries and wages | **203,939** | **200,998** | **2,941** | 191,048 | 188,715 | 2,333 |
| Annual Leave Accrual | **776** | **776** | **-** | 4,341 | 4,341 | - |
| Social Security costs (Employers NI costs) | **19,408** | **19,408** | **-** | 17,223 | 17,223 | - |
| Apprenticeship levy | **974** | **974** | **-** | 846 | 846 | - |
| Pension cost - employer contributions to NHS pension scheme | **23,132** | **23,132** | **-** | 20,448 | 20,448 | - |
| Pension cost - employer contributions paid by NHSE on provider's behalf (6.3%) | **9,910** | **9,910** | **-** | 8,818 | 8,818 | - |
| Pension cost - other | **262** | **262** | **-** | 309 | 309 | - |
| Termination benefits | **30** | **30** | **-** | 144 | 144 | - |
| External bank | **-** | **-** | **-** | 46 | - | 46 |
| Agency/contract staff | **7,793** | **-** | **7,793** | 10,911 | - | 10,911 |
| Total employee expenses | **266,224** | **255,490** | **10,734** | 254,134 | 240,844 | 13,290 |
| Less costs capitalised as part of assets | **(1,858)** | **(1,858)** | **-** | (1,761) | (1,761) | - |
| Total employee costs excluding capitalised costs | **264,366** | **253,632** | **10,734** | 252,373 | 239,083 | 13,290 |

**5.2 Employee costs**

| | Foundation Trust | | | | | |
|---|---|---|---|---|---|---|
| | **Total** | **Permanently** | | Total | Permanently | |
| | **2023/24** | **Employed** | **Other** | 2022/23 | Employed | Other |
| | **£000** | **£000** | **£000** | £000 | £000 | £000 |
| Salaries and wages | **194,119** | **191,178** | **2,941** | 183,068 | 180,614 | 2,454 |
| Annual Leave Accrual | **776** | **776** | **-** | 4,341 | 4,341 | - |
| Social Security costs (Employers NI costs) | **18,572** | **18,572** | **-** | 16,511 | 16,511 | - |
| Apprenticeship levy | **925** | **925** | **-** | 805 | 805 | - |
| Employer contributions to NHS Pensions | **22,582** | **22,582** | **-** | 20,072 | 20,072 | - |
| Pension cost - employer contributions paid | **9,698** | **9,698** | **-** | 8,818 | 8,818 | - |
| Pension cost - other | **78** | **78** | **-** | 125 | 125 | - |
| Termination benefits | **30** | **30** | **-** | 144 | 144 | - |
| Agency/contract staff | **7,445** | **-** | **7,445** | 10,220 | - | 10,220 |
| Total employee expenses | **254,225** | **243,839** | **10,386** | 244,104 | 231,430 | 12,674 |
| Less costs capitalised as part of assets | **(1,607)** | **(1,607)** | **-** | (1,631) | (1,631) | - |
| Total employee costs excluding capitalised | **252,618** | **242,232** | **10,386** | 242,473 | 229,799 | 12,674 |

**5. Employee costs and numbers (continued)**

**5.3 Average number of employees (WTE basis)**

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | **Total 2023/24 Number** | **Permanently Employed Number** | **Other Number** | Total 2022/23 Number | Permanently Employed Number | Other Number |
| Medical and dental | **447** | **425** | **22** | 408 | 378 | 30 |
| Ambulance staff | **4** | **4** | **-** | 1 | 1 | - |
| Administration and estates | **818** | **801** | **17** | 773 | 751 | 22 |
| Healthcare assistants and other support staff | **436** | **436** | **-** | 412 | 412 | - |
| Nursing, midwifery and health visiting staff | **2,175** | **2,101** | **74** | 2,024 | 1,965 | 59 |
| Nursing, midwifery and health visiting learners | **61** | **61** | **-** | 47 | 47 | - |
| Scientific, therapeutic and technical staff | **566** | **566** | **-** | 533 | 533 | - |
| Healthcare science staff | **106** | **103** | **3** | 102 | 101 | 1 |
| Social care staff | **-** | **-** | **-** | - | - | - |
| Other | **-** | **-** | **-** | 12 | 12 | - |
| Total | **4,613** | **4,497** | **116** | 4,312 | 4,200 | 112 |
| Less capitalised employees | **(43)** | **(43)** | **-** | (44) | (44) | - |
| Total excluding capitalised WTE | **4,570** | **4,454** | **116** | 4,268 | 4,156 | 112 |

**5.4 Average number of employees (WTE basis)**

| | Foundation Trust | | | | | |
|---|---|---|---|---|---|---|
| | **Total 2023/24 Number** | **Permanently Employed Number** | **Other Number** | Total 2022/23 Number | Permanently Employed Number | Other Number |
| Medical and dental | **447** | **425** | **22** | 408 | 378 | 30 |
| Ambulance staff | **4** | **4** | **-** | 1 | 1 | - |
| Administration and estates | **747** | **738** | **9** | 702 | 698 | 4 |
| Healthcare assistants and other support staff | **286** | **212** | **74** | 200 | 200 | - |
| Nursing, midwifery and health visiting staff | **2,101** | **2,101** | **-** | 2,024 | 1,965 | 59 |
| Nursing, midwifery and health visiting learners | **61** | **61** | **-** | 47 | 47 | - |
| Scientific, therapeutic and technical staff | **566** | **566** | **-** | 533 | 533 | - |
| Healthcare science staff | **106** | **103** | **3** | 102 | 101 | 1 |
| Other | **-** | **-** | **-** | 8 | 8 | - |
| Total | **4,318** | **4,210** | **108** | 4,025 | 3,931 | 94 |
| Less capitalised employees | **(39)** | **(39)** | **-** | (44) | (44) | |
| Total excluding capitalised WTE | **4,279** | **4,171** | **108** | 3,981 | 3,887 | 94 |

**WTE = Whole time equivalents**

**5.5 Pensions costs**

Past and present employees are covered by the provisions of the NHS Pension Schemes. Details of the benefits payable and rules of the schemes can be found on the NHS Pensions website at www.nhsbsa.nhs.uk/pensions.

Both the 1995/2008 and 2015 schemes are accounted for, and the scheme liability valued, as a single combined scheme. Both are unfunded defined benefit schemes that cover NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State for Health and Social Care in England and Wales. They are not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, each scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS body of participating in each scheme is taken as equal to the contributions payable to that scheme for the accounting period.

In order that the defined benefit obligations recognised in the financial statements do not differ materially from those that would be determined at the reporting date by a formal actuarial valuation, the FReM requires that "the period between formal valuations shall be four years, with approximate assessments in intervening years". An outline of these follows:

**a) Accounting valuation**

A valuation of scheme liability is carried out annually by the scheme actuary (currently the Government Actuary's Department) as at the end of the reporting period. This utilises an actuarial assessment for the previous accounting period in conjunction with updated membership and financial data for the current reporting period, and is accepted as providing suitably robust figures for financial reporting purposes. The valuation of the scheme liability as at 31 March 2024, is based on valuation data as 31 March 2023, updated to 31 March 2024 with summary global member and accounting data. In undertaking this actuarial assessment, the methodology prescribed in IAS 19, relevant FReM interpretations, and the discount rate prescribed by HM Treasury have also been used.

The latest assessment of the liabilities of the scheme is contained in the report of the scheme actuary, which forms part of the annual NHS Pension Scheme Accounts. These accounts can be viewed on the NHS Pensions website and are published annually. Copies can also be obtained from The Stationery Office.

**b) Full actuarial (funding) valuation**

The purpose of this valuation is to assess the level of liability in respect of the benefits due under the schemes (taking into account recent demographic experience), and to recommend contribution rates payable by employees and employers.

The latest actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020. The results of this valuation set the employer contribution rate payable from April 2024. The Department of Health and Social Care has recently laid Scheme Regulations confirming the employer contribution rate will increase to 23.7% of pensionable pay from 1 April 2024 (previously 20.6%). The core cost cap cost of the scheme was calculated to be outside of the 3% cost cap corridor as at 31 March 2020. However, when the wider economic situation was taken into account through the economic cost cap cost of the scheme, the cost cap corridor was not similarly breached. As a result, there was no impact on the member benefit structure or contribution rates.

**5.6 Retirements due to ill-health**

During the year ended 31 March 2024 there was 1 (2023: 2) early retirements from the NHS foundation trust agreed on the grounds of ill-health. The estimated additional pension liability of the ill-health retirement is £17,000 (2023: £68,000). The cost of ill-health retirements are borne by the NHS Business Services Authority Pensions Division.

**5.7 Staff exit costs**

NHS Improvement requires NHS foundation trusts to disclose summary information regarding redundancy and other departures in staff costs agreed in the financial year.

| | **Foundation Trust & Group** | | Foundation Trust & Group | |
|---|---|---|---|---|
| Exit cost band | **2023/24 Number of compulsory redundancies** | **2023/24 Number of other departures agreed** | 2022/23 Number of compulsory redundancies | 2022/23 Number of other departures agreed |
| <£10,000 | **-** | **2** | - | - |
| £10,001 - £25,000 | **-** | **-** | - | - |
| £25,001 - £50,000 | **1** | **-** | - | - |
| £50,001 - £100,000 | **-** | **-** | - | - |
| £100,001 - £150,000 | **-** | **-** | 1 | - |
| £150,001 - £200,000 | **-** | **-** | - | - |
| >£200,000 | **-** | **-** | - | - |
| Total number of exits by type | **1** | **2** | 1 | - |
| Total resource cost | **£30,000** | **£11,000** | £134,000 | - |

**5.8 Analysis of termination benefits**

| | **Foundation Trust & Group** | | Foundation Trust & Group | |
|---|---|---|---|---|
| | **2023/24 Number** | **2023/24 £000** | 2022/23 Number | 2022/23 £000 |
| Compulsory redundancies | **1** | **30** | 1 | 134 |
| Non-contractual payments requiring HMT approval | **2** | **11** | - | - |
| | **3** | **41** | 1 | 134 |

## 6. Finance revenue

### 6.1 Group finance revenue received during the year is as follows:

| Finance revenue received during the year is as follows: | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Interest income:** | | |
| Interest on bank accounts | **1,310** | 798 |
| HDFT Charitable funds: investment income | **84** | 53 |
| | **1,394** | 851 |

### 6.2 Foundation Trust finance revenue received during the year is as follows:

| Finance revenue received during the year is as follows: | Foundation Trust | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Interest income:** | | |
| Interest on bank accounts | **1,289** | 794 |
| Interest on loans to HHFM | **1,280** | 1,171 |
| | **2,569** | 1,965 |

## 7. Finance expenses

### 7.1 Group finance expense incurred during the year is as follows:

| Finance expenses incurred during the year are as follows: | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Interest expense:** | | |
| Capital Loans from the Department of Health (formerly ITFF see note 18) | **152** | 162 |
| Interest on lease obligations | **315** | 203 |
| | **467** | 365 |

### 7.2 Foundation Trust finance expense incurred during the year is as follows:

| Finance expenses incurred during the year are as follows: | Foundation Trust | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Interest expense:** | | |
| Capital Loans from the Department of Health (formerly ITFF see note 18) | **152** | 162 |
| Interest on lease obligations | **228** | 203 |
| | **380** | 365 |

**8. Current year intangible fixed assets**

| | Foundation Trust & Group | | | | | |
|---|---|---|---|---|---|---|
| | **Software Licences** | **Development Expenditure** | **Websites** | **Assets Under Construction** | **Other** | **Total** |
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Gross cost at 1 April 2023 | 2,054 | 5,148 | 187 | 904 | 2,196 | **10,489** |
| Additions - purchased | 199 | 1,304 | - | 362 | 147 | **2,012** |
| Impairments charged to operating expenses | (46) | (2,902) | - | - | (47) | **(2,995)** |
| Reclassifications | 856 | 4,445 | - | (856) | 636 | **5,081** |
| Disposals | (1) | - | - | - | - | **(1)** |
| **Gross cost at 31 March 2024** | **3,062** | **7,995** | **187** | **410** | **2,932** | **14,586** |
| Amortisation at 1 April 2023 | 1,239 | 1,785 | 77 | - | 629 | **3,730** |
| Provided during the year | 282 | 319 | 26 | - | 446 | **1,073** |
| Impairments charged to operating expenses | (20) | (898) | - | - | (16) | **(934)** |
| Disposals | (1) | - | - | - | - | **(1)** |
| **Amortisation at 31 March 2024** | **1,500** | **1,206** | **103** | **-** | **1,059** | **3,868** |
| **Net book value** | | | | | | |
| - Purchased at 31 March 2024 | 1,562 | 6,789 | 84 | 410 | 1,873 | **10,718** |
| **- Total at 31 March 2024** | **1,562** | **6,789** | **84** | **410** | **1,873** | **10,718** |

**8.1 Prior year intangible fixed assets**

| | Foundation Trust & Group | | | | | |
|---|---|---|---|---|---|---|
| | **Software Licences** | **Development Expenditure** | **Websites** | **Assets Under Construction** | **Other** | **Total** |
| | **£000** | **£000** | **£000** | **£000** | **£000** | **£000** |
| Gross cost at 1 April 2022 | 1,354 | 3,720 | 187 | - | 1,343 | **6,604** |
| Additions - purchased | 43 | 926 | - | 2,294 | 622 | **3,885** |
| Reclassifications | 657 | 502 | - | (1,390) | 231 | **-** |
| **Gross cost at 31 March 2023** | **2,054** | **5,148** | **187** | **904** | **2,196** | **10,489** |
| Amortisation at 1 April 2022 | 976 | 1,119 | 51 | - | 309 | **2,455** |
| Provided during the year | 263 | 666 | 26 | - | 320 | **1,275** |
| **Amortisation at 31 March 2023** | **1,239** | **1,785** | **77** | **-** | **629** | **3,730** |
| **Net book value** | | | | | | |
| - Purchased at 31 March 2023 | 815 | 3,363 | 110 | 904 | 1,567 | **6,759** |
| **- Total at 31 March 2023** | **815** | **3,363** | **110** | **904** | **1,567** | **6,759** |

## 9. Property, plant and equipment

### 9.1 Current year property, plant and equipment (group) comprises of the following elements:

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction and payments on account | Plant and Machinery | Transport Equipment | Information Technology | Furniture & fittings | Group Total |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2023 | 3,500 | 94,732 | 1,217 | 19,490 | 35,036 | 170 | 20,354 | 885 | **175,384** |
| Additions - purchased | - | 5,815 | - | 10,505 | 1,124 | - | 261 | 37 | **17,742** |
| Additions - donations of physical assets | - | - | - | - | 342 | - | - | - | **342** |
| Additions - assets purchased from cash donations/grants | - | - | - | 599 | - | - | - | - | **599** |
| Impairments charged to operating expenses | - | - | - | - | - | - | (1,038) | - | **(1,038)** |
| Transfer to revaluation reserve | - | (6,494) | 61 | - | - | - | - | - | **(6,433)** |
| Reversal of impairments credited to operating expenses | - | 114 | - | - | - | - | - | - | **114** |
| Reclassifications | - | 5,940 | - | (16,846) | 2,555 | - | 3,258 | 12 | **(5,081)** |
| Disposals | - | - | - | - | (630) | - | (108) | (53) | **(791)** |
| **Cost or valuation At 31 March 2024** | **3,500** | **100,107** | **1,278** | **13,748** | **38,427** | **170** | **22,727** | **881** | **180,838** |
| | | | | | | | | | |
| Depreciation at 1 April 2023 | - | - | - | - | 18,661 | 127 | 10,657 | 457 | **29,902** |
| Provided during the year (see note 4.1) | - | 2,870 | 57 | - | 3,081 | 8 | 1,947 | 71 | **8,034** |
| Impairments charged to operating expenses | - | - | - | - | - | - | (466) | - | **(466)** |
| Impairments charged to the revaluation reserve | - | (2,502) | (27) | - | - | - | - | - | **(2,529)** |
| Reclassifications | - | - | - | - | - | - | - | - | **-** |
| Disposals | - | - | - | - | (373) | - | (108) | (53) | **(534)** |
| **Depreciation at 31 March 2024** | **-** | **368** | **30** | **-** | **21,369** | **135** | **12,030** | **475** | **34,407** |
| | | | | | | | | | |
| **Net book value** | | | | | | | | | |
| - Purchased at 31 March 2024 | 3,500 | 85,220 | 1,248 | 13,748 | 15,120 | 35 | 10,689 | 393 | **129,953** |
| - Donated at 31 March 2024 | - | 14,519 | - | - | 1,554 | - | 8 | 13 | **16,094** |
| - Donated (DHSC) at 31 March 2024 | - | - | - | - | 384 | - | - | - | **384** |
| **Net book value at 31 March 2024** | **3,500** | **99,739** | **1,248** | **13,748** | **17,058** | **35** | **10,697** | **406** | **146,431** |

At 31 March 2023, of the Net Book Value £3,500,000 related to land valued at open market value and £94,732,000 related to buildings valued at open market value and £1,217,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2024. This valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a decrease in value of £3,790,000.00.

## 9. Property, plant and equipment

### 9.2 Current year property, plant and equipment (Trust) comprises of the following elements:

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction and payments on account | Plant and Machinery | Transport Equipment | Information Technology | Furniture & fittings | Foundation Trust Total |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2023 | 3,500 | 85,142 | 682 | 13,739 | 32,071 | 25 | 20,146 | 753 | **156,058** |
| Additions - purchased | - | 167 | - | 2,991 | 452 | - | 556 | 37 | **4,203** |
| Additions - donations of physical assets | - | - | - | - | 342 | - | - | - | **342** |
| Additions - assets purchased from cash donations/grants | - | - | - | 599 | - | - | - | - | **599** |
| Impairments charged to operating expenses | - | - | - | - | - | - | (1,038) | - | **(1,038)** |
| Reversal of impairments credited to operating expenses | - | 114 | - | - | - | - | - | - | **114** |
| Reclassifications | - | 451 | - | (11,268) | 2,470 | - | 3,221 | 12 | **(5,114)** |
| Transfer to revaluation reserve | - | (6,492) | 61 | - | - | - | - | - | **(6,431)** |
| Disposals | - | - | - | - | (629) | - | (108) | (53) | **(790)** |
| **Cost or valuation At 31 March 2024** | **3,500** | **79,382** | **743** | **6,061** | **34,706** | **25** | **22,777** | **749** | **147,943** |
| Depreciation at 1 April 2023 | - | - | - | - | 17,172 | 7 | 10,634 | 438 | **28,251** |
| Provided during the year (see note 4.2) | - | 2,502 | 27 | - | 2,877 | 4 | 1,914 | 60 | **7,384** |
| Transfer to revaluation reserve | - | (2,502) | (27) | - | - | - | - | - | **(2,529)** |
| Impairments charged to operating expenses | - | - | - | - | - | - | (465) | - | **(465)** |
| Disposals | - | - | - | - | (373) | - | (108) | (53) | **(534)** |
| **Depreciation at 31 March 2024** | **-** | **-** | **-** | **-** | **19,676** | **11** | **11,975** | **445** | **32,107** |
| **Net book value** | | | | | | | | | |
| - Purchased at 31 March 2024 | 3,500 | 64,863 | 743 | 6,061 | 13,092 | 14 | 10,794 | 291 | **99,358** |
| - Donated at 31 March 2024 | - | 14,519 | - | - | 1,938 | - | 8 | 13 | **16,478** |
| **Net book value at 31 March 2024** | **3,500** | **79,382** | **743** | **6,061** | **15,030** | **14** | **10,802** | **304** | **115,836** |

At 31 March 2023, of the Net Book Value £3,500,000 related to land valued at open market value and £85,142,000 related to buildings valued at open market value and £682,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2024. This valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a decrease in value of £3,788,000.00.

**9. Property, plant and equipment (continued)**

**9.3 Prior year property, plant and equipment (group) comprises of the following elements:**

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction and payments on account | Plant and Machinery | Transport Equipment | Information Technology | Furniture & fittings | Group Total |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2022 | 3,500 | 82,770 | 1,138 | 20,191 | 30,598 | 178 | 16,279 | 745 | 155,399 |
| Additions - purchased | - | 1,259 | - | 15,299 | 203 | - | 1,103 | 66 | 17,930 |
| Additions - donations of physical assets | - | - | - | - | 461 | - | - | - | 461 |
| Additions - assets purchased from cash donations/grants | - | 197 | - | 375 | - | - | - | - | 572 |
| Revaluations | - | 1,089 | 79 | - | - | - | - | - | 1,168 |
| Reclassifications* | - | 9,417 | - | (16,375) | 3,912 | - | 2,972 | 74 | - |
| Disposals | - | - | - | - | (138) | (8) | - | - | (146) |
| **Cost or valuation At 31 March 2023** | **3,500** | **94,732** | **1,217** | **19,490** | **35,036** | **170** | **20,354** | **885** | **175,384** |
| Depreciation at 1 April 2022 | - | - | - | - | 15,801 | 124 | 8,821 | 391 | 25,137 |
| Provided during the year (see note 4.1) | - | 2,630 | 58 | - | 2,977 | 11 | 1,836 | 66 | 7,578 |
| Reversal of impairments credited to operating exp | - | (238) | - | - | - | - | - | - | (238) |
| Revaluations | - | (2,392) | (58) | - | - | - | - | - | (2,450) |
| Disposals | - | - | - | - | (117) | (8) | - | - | (125) |
| **Depreciation at 31 March 2023** | **-** | **-** | **-** | **-** | **18,661** | **127** | **10,657** | **457** | **29,902** |
| **Net book value** | | | | | | | | | |
| - Purchased at 31 March 2023 | 3,500 | 81,781 | 1,217 | 17,116 | 13,581 | 43 | 9,684 | 413 | 127,335 |
| - Donated at 31 March 2023 | - | 12,951 | - | 2,374 | 1,939 | - | 13 | 15 | 17,292 |
| - Donated (DHSC) at 31 March 2023 | - | - | - | - | 855 | - | - | - | 855 |
| **Net book value at 31 March 2023** | **3,500** | **94,732** | **1,217** | **19,490** | **16,375** | **43** | **9,697** | **428** | **145,482** |

At 31 March 2022, of the Net Book Value £3,500,000 related to land valued at open market value and £82,770,000 related to buildings valued at open market value and £1,138,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2023. This valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in an increase in value of £3,856,000.00.

## 9. Property, plant and equipment

### 9.4 Prior year property, plant and equipment comprises (Trust) of the following elements:

| | Land | Buildings excluding dwellings | Dwellings | Assets under construction and payments on account | Plant and Machinery | Transport Equipment | Information Technology | Furniture & fittings | Foundation Trust Total |
|---|---|---|---|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Cost or valuation at 1 April 2022 | 3,500 | 77,202 | 654 | 9,439 | 27,908 | 25 | 16,268 | 686 | **135,682** |
| Additions - purchased | - | 1 | - | 10,719 | 79 | - | 1,115 | 36 | **11,950** |
| Additions - donations of physical assets | - | 197 | - | 375 | - | - | - | - | **572** |
| Additions - equipment donated from DHSC | - | - | - | - | 461 | - | - | - | **461** |
| Reversals charged to operating expenses | - | 238 | - | - | - | - | - | - | **238** |
| Reclassifications | - | 239 | - | (6,794) | 3,761 | - | 2,763 | 31 | **-** |
| Transfer to revaluation reserve | - | 7,265 | 28 | - | - | - | - | - | **7,293** |
| Disposals | - | - | - | - | (138) | - | - | - | **(138)** |
| **Cost or valuation At 31 March 2023** | **3,500** | **85,142** | **682** | **13,739** | **32,071** | **25** | **20,146** | **753** | **156,058** |
| | | | | | | | | | |
| Depreciation at 1 April 2022 | - | - | - | - | 14,521 | 4 | 8,821 | 380 | **23,726** |
| Provided during the year (see note 4.2) | - | 2,383 | 29 | - | 2,764 | 4 | 1,817 | 58 | **7,055** |
| Transfer to revaluation reserve | - | (2,383) | (29) | - | - | - | - | - | **(2,412)** |
| Disposals | - | - | - | - | (117) | - | - | - | **(117)** |
| **Depreciation at 31 March 2023** | **-** | **-** | **-** | **-** | **17,168** | **8** | **10,638** | **438** | **28,252** |
| | | | | | | | | | |
| **Net book value** | | | | | | | | | |
| - Purchased at 31 March 2023 | 3,500 | 80,278 | 682 | 13,739 | 12,964 | 17 | 9,508 | 300 | **120,988** |
| - Donated at 31 March 2023 | - | 4,864 | - | - | 1,084 | - | - | 15 | **5,963** |
| - Donated (DHSC) at 31 March 2023 | - | - | - | - | 855 | - | - | - | **855** |
| **Net book value at 31 March 2023** | **3,500** | **85,142** | **682** | **13,739** | **14,903** | **17** | **9,508** | **315** | **127,806** |

At 31 March 2022, of the Net Book Value £3,500,000 related to land valued at open market value and £77,202,000 related to buildings valued at open market value and £654,000 related to dwellings valued at open market value. The land and buildings (including dwellings) of the trust were revalued by the Valuation Office Agency which is a government agency of Her Majesty's Revenue and Customs (RICS qualified) as at 31 March 2023. This valuation, in line with the NHS foundation trust's accounting policies and using the best practice Modern Equivalent Asset valuation methodology, resulted in a increase in value of £9,943,000.00.

**10. Right of use assets (leases) - Harrogate and District NHS Foundation Trust as a lessee**

**10.1 Current year information about leases for which the Trust is a lessee.**

| Group | Property (land and buildings) £000 | Plant & machinery £000 | Transport equipment £000 | Total £000 | Of which: leased from DHSC group bodies £000 |
|---|---|---|---|---|---|
| Valuation / gross cost at 1 April 2023 - brought forward | 10,677 | 96 | 240 | 11,013 | 6,463 |
| Additions - lease liability | 1,693 | - | 45 | 1,738 | 1,128 |
| **Valuation/gross cost at 31 March 2024** | **12,370** | **96** | **285** | **12,751** | **7,591** |
| Accumulated depreciation at 1 April 2023 - brought forward | 1,574 | 41 | 106 | **1,721** | 619 |
| Provided during the year - right of use asset | 2,036 | 30 | 106 | 2,172 | 837 |
| **Accumulated depreciation at 31 March 2024** | **3,610** | **71** | **212** | **3,893** | **1,456** |
| **Net book value at 31 March 2024** | **8,760** | **25** | **73** | **8,858** | **6,135** |

**10.2 Prior year information about leases for which the Trust is a lessee.**

| Group | Property (land and buildings) £000 | Plant & machinery £000 | Transport equipment £000 | Total £000 | Of which: leased from DHSC group bodies £000 |
|---|---|---|---|---|---|
| Valuation / gross cost at 1 April 2022 - brought forward | - | - | - | - | - |
| Recognition of right of use assets for existing operating leases on initial application of IFRS 16 on 1 April 2022 | 9,100 | 96 | 17 | 9,213 | 6,615 |
| Additions - lease liability | 1,770 | - | 223 | 1,993 | 41 |
| Disposals/derecognition - lease termination | (193) | - | - | (193) | (193) |
| **Valuation/gross cost at 31 March 2023** | **10,677** | **96** | **240** | **11,013** | **6,463** |
| Accumulated depreciation at 1 April 2022 - brought forward | - | - | - | - | - |
| Provided during the year - right of use asset | 1,574 | 41 | 106 | 1,721 | 619 |
| **Accumulated depreciation at 31 March 2023** | **1,574** | **41** | **106** | **1,721** | **619** |
| **Net book value at 31 March 2023** | **9,103** | **55** | **134** | **9,292** | **5,844** |

**Note 10.2 Reconciliation of the carrying value of lease liabilities**

Lease liabilities are included within borrowings in the statement of financial position. A breakdown of borrowings is disclosed in note 19.

| | Foundation Trust & Group | |
|---|---|---|
| | 2023/24 | 2022/23 |
| | £000 | £000 |
| **Carrying value at 1 April 2023** | **9,269** | |
| Impact of implementing IFRS 16 as at 1 April 2022 | | 9,214 |
| Lease additions | **1,738** | 1,993 |
| Interest charge arising in year | **315** | 203 |
| Termination of lease | **-** | (193) |
| Financing cash flows - principal | **(1,453)** | (1,744) |
| Financing cash flows - interest | **(154)** | (203) |
| **Carrying value at 31 March 2024** | **9,715** | **9,270** |

Lease payments for short term leases, leases of low value underlying assets and variable lease payments not dependent on an index or rate are recognised in operating expenditure.

These payments are disclosed in Note 7.1. Cash outflows in respect of leases recognised on-SoFP are disclosed in the reconciliation above.

**Note 10.3 Maturity analysis of future lease payments**

| | Foundation Trust & Group | |
|---|---|---|
| | 2023/24 | 2023/24 |
| | £000 | £000 |
| Undiscounted future lease payments payable in: | | |
| - not later than one year; | **2,357** | 1,869 |
| - later than one year and not later than five years; | **4,674** | 5,762 |
| - later than five years. | **2,684** | 1,639 |
| **Net lease liabilities at 31 March 2024** | **9,715** | **9,270** |
| | | |
| **Net lease liabilities at 31 March 2024** | | |
| Of which: | | |
| Current | **2,357** | 1,869 |
| Non-Current | **7,358** | 7,401 |
| | **9,715** | **9,270** |

**11. Investments**

| | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Carrying value at 1 April | **1,685** | 1,830 |
| Acquisitions in year - other | **317** | 156 |
| Movement in fair value of investments | **130** | (124) |
| Disposals | **(311)** | (177) |
| Carrying value at 31 March | **1,821** | 1,685 |

Investments held are wholly attributable to the Harrogate and District NHS Foundation Trust Charitable Fund (registered charity number 1050008), for further information please see the charity's Annual Report and Accounts.

**12. Subsidiary Undertaking - Harrogate Healthcare Facilities Management Ltd.**

| | Foundation Trust | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| **Non-current assets** | | |
| Shares in Subsidiary | **1,000** | 1,000 |
| Loans to Subsidiary | **20,506** | 23,155 |
| | **21,506** | 24,155 |
| **Current assets** | | |
| Loans to Subsidiary | **16,049** | 2,649 |
| | **37,555** | 26,804 |

The shares in the subsidiary company Harrogate Healthcare Facilities Management Ltd comprises a 100% holding of the share capital. Details of the NHS foundation trust loans to it's Subsidiary as at 31 March 2024 are in the table below.

| | | | **Non-current** | **Current** |
|---|---|---|---|---|
| Loan Name - Principal Borrowed | Term | Interest Rate | **£000** | **£000** |
| Working Capital Loan - £1m - REPAID | 5 Years | 4.00% | - | - |
| Capital Loan - £7.5m | 10 Years | 3.60% | 4,687 | 938 |
| Capital Loan - £14.1m | 15 Years | 3.75% | 11,610 | 1,009 |
| Capital Loan - £5.6m | 10 Years | 7.50% | 4,209 | 702 |
| Working Capital Facility - £13.4m | 1 Year | 0.00% | - | 13,400 |
| | | | **20,506** | **16,049** |

There have been no defaults or breaches by the subsidiary in relation to the above loans from the NHS foundation trust.

The principal activity of Harrogate Healthcare Facilities Management Ltd is to provide estate management and facilities services.

**13. Inventories**

**13.1 Analysis of inventories**

| | Group | | Foundation Trust | |
|---|---|---|---|---|
| | **2023/24** | 2022/23 | **2023/24** | 2022/23 |
| | **£000** | £000 | **£000** | £000 |
| Drugs | **1,038** | 1,040 | **1,038** | 1,040 |
| Consumables | **2,358** | 1,403 | **2,135** | 1,257 |
| Total | **3,396** | 2,443 | **3,173** | 2,297 |

In response to the COVID 19 pandemic, the Department of Health and Social Care centrally procured personal protective equipment and passed these to NHS providers free of charge. During 2023/24 the Trust received £76k of items purchased by DHSC (2022/23: £455k).

These inventories were recognised as additions to inventory at deemed cost with the corresponding benefit recognised in income. The utilisation of these items is included in the expenses - please see notes 4.1 and 4.2.

**13.2 Inventories recognised in expenses**

| | Foundation Trust & Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Drug Inventories recognised as an expense in the year | **22,674** | 20,168 |
| Total | **22,674** | 20,168 |

**14. Trade and other receivables**

**14.1 Trade and other receivables are made up of:**

| | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| **Current** | **£000** | £000 |
| Contract receivables (IFRS 15): invoiced | **6,891** | 5,934 |
| Contract receivables (IFRS 15): not yet invoiced / non-invoiced | **14,276** | 10,437 |
| Capital receivables (including accrued capital related income) | **125** | - |
| PDC Dividend receivable (Department of Health) | **120** | 40 |
| Deposits and advances | **(22)** | (12) |
| Provision for the impairment of contract receivables (see note 14.2) | **(726)** | (518) |
| Prepayments | **2,995** | 4,038 |
| Interest receivable (excludes finance lease interest) | **72** | 90 |
| VAT receivables | **1,585** | 2,964 |
| Other receivables | **788** | 634 |
| **Total** | **26,104** | 23,607 |

| | Foundation Trust | |
|---|---|---|
| | **2023/24** | 2022/23 |
| **Current** | **£000** | £000 |
| Contract receivables (IFRS 15): invoiced | **7,373** | 6,012 |
| Contract receivables (IFRS 15): not yet invoiced / non-invoiced | **13,400** | 10,498 |
| Capital receivables (including accrued capital related income) | **125** | - |
| PDC Dividend receivable (Department of Health) | **120** | 40 |
| Deposits and advances | **(7)** | (14) |
| Provision for the impairment of contract receivables (see note 14.2) | **(726)** | (518) |
| Prepayments | **2,031** | 3,003 |
| Interest receivable (excludes finance lease interest) | **72** | 90 |
| VAT receivables | **533** | 2,828 |
| Other receivables | **1,060** | 633 |
| **Total** | **23,981** | 22,572 |

| | Foundation Trust & Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| **Non-Current** | **£000** | £000 |
| Other receivables | **362** | 350 |
| VAT receivables | **114** | - |
| Provision for the impairment of receivables (see note 14.2) | **(70)** | (57) |
| Clinician pension tax provision reimbursement funding from NHSE | **405** | 539 |
| **Total** | **811** | 832 |

| **Of which receivable from NHS and DHSC group bodies:** | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Current | **12,674** | 15,294 |
| Non-Current | **405** | 539 |

The majority of the NHS foundation trust's trade is with Commissioners for NHS patient care services which are funded by the Government to buy NHS patient care services therefore no credit scoring for them is considered necessary.

**14. Trade and other receivables (continued)**

| 14.2 Allowances for credit losses (doubtful debts) | Foundation Trust & Group 2023/24 £000 | 2022/23 £000 |
|---|---|---|
| Allowance for credit losses at 1 April 2023 | **575** | 1,415 |
| New allowances arising | **1,047** | - |
| Reversals of allowances (where receivable is collected in-year) | **-** | (1,707) |
| Utilisation of allowances (where receivable is written off) | **(826)** | 867 |
| Balance at 31 March 2024 | **796** | 575 |

NHS Injury Benefit Scheme income is subject to a provision for impairment of 22.43% (2022: 22.43%) to reflect expected rates of collection. Other debts are assessed by management considering age of debt and the probability of collection.

**15. Cash and cash equivalents**

| | Group | | Foundation Trust | |
|---|---|---|---|---|
| | **2023/24 £000** | 2022/23 £000 | **2023/24 £000** | 2022/23 £000 |
| Balance at 1 April | **35,679** | 42,854 | **32,281** | 38,846 |
| Net change in year | **(21,850)** | (7,175) | **(19,268)** | (6,565) |
| Balance at 31 March | **13,829** | 35,679 | **13,013** | 32,281 |
| Made up of: | | | | |
| Cash with Government Banking Service | **13,608** | 32,742 | **13,006** | 32,274 |
| Cash at commercial banks and in hand | **197** | 2,839 | **7** | 7 |
| Other current investments | **24** | 65 | **-** | - |
| Cash and cash equivalents | **13,829** | 35,646 | **13,013** | 32,281 |

**16. Trade and other payables**

| | Group | | Foundation Trust | |
|---|---|---|---|---|
| **Current** | **2023/24 £000** | 2022/23 £000 | **2023/24 £000** | 2022/23 £000 |
| Receipts in advance | **51** | 47 | **51** | 47 |
| Trade payables | **7,279** | 6,015 | **7,029** | 6,197 |
| Other trade payables - capital | **4,932** | 8,655 | **1,580** | 5,725 |
| Social Security costs | **2,387** | 3,360 | **2,285** | 3,269 |
| Other tax payable | **2,392** | 2,148 | **2,303** | 2,059 |
| Pension contributions payable | **3,300** | 2,911 | **3,179** | 2,845 |
| Other payables | **387** | 511 | **193** | 615 |
| Accruals | **13,951** | 26,313 | **13,475** | 24,497 |
| **Total** | **34,679** | 49,960 | **30,095** | 45,254 |

## 17. Provisions

### 17.1 Provisions current and non current

| | Foundation Trust & Group Current | | Foundation Trust & Group Non current | |
|---|---|---|---|---|
| | **2023/24** | 2022/23 | **2023/24** | 2022/23 |
| | **£000** | £000 | **£000** | £000 |
| Pensions relating to the early retirement of staff pre 1995 | **24** | 33 | **90** | 105 |
| Legal claims | **39** | 54 | **-** | - |
| Pensions - Injury benefits | **5** | 17 | **-** | 18 |
| 2019/20 Clinicians' pension reimbursement | **-** | - | **405** | 539 |
| | **68** | 104 | **495** | 662 |

### 17.2 Provisions by category

| | Pensions relating to the early retirement of staff pre 1995 | Legal claims | Pensions - Injury benefits | 2019/20 Clinicians' pension reimbursement | **Foundation Trust & Group Total 2023/24** |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | **£000** |
| At 1 April 2023 | 138 | 54 | 35 | 539 | **766** |
| Change in discount rate | - | - | - | (87) | **(87)** |
| Arising during the year | 29 | 22 | - | - | **51** |
| Utilised during the year | (34) | (3) | (7) | - | **(44)** |
| No longer required | (23) | (34) | (23) | (73) | **(153)** |
| Unwinding of discount | 4 | - | - | 26 | **30** |
| At 31 March 2024 | **114** | **39** | **5** | **405** | **563** |

### 17.3 Expected timing of cashflows by category:

| | Pensions relating to the early retirement of staff pre 1995 | Legal claims | Pensions - Injury benefits | 2019/20 Clinicians' pension reimbursement | **Foundation Trust & Group Total 2023/24** |
|---|---|---|---|---|---|
| | £000 | £000 | £000 | £000 | **£000** |
| Within one year | 24 | 39 | 5 | - | **68** |
| Between one and five years | 76 | - | - | 1 | **77** |
| After five years | 14 | - | - | 404 | **418** |
| | **114** | **39** | **5** | **405** | **563** |

**Pensions relating to the early retirement of staff pre 1995**
Provisions for capitalised pension benefits are based on tables provided by the Office for National Statistics, reflecting years to normal retirement age and the additional pension costs associated with early retirement.

**Legal claims**
Legal claims consist of amounts due as a result of third party and employee liability claims. These values are based on information provided by NHS Resolution (formerly the NHS Litigation Authority).

**Pensions - Injury benefits**
Permanent Injury Benefits are payable to eligible individuals, and are calculated in the same way as capitalised pension benefits.

**2019/20 Clinicians' pension**
These consist of the pensions tax costs of clinicians working additional sessions, which the UK Government committed to pay. These values are based on information provided by NHS England.

£94,173,971 is included in the provisions of NHS Resolution (formerly the NHS Litigation Authority) at 31 March 2024 in respect of clinical negligence liabilities of the NHS foundation trust (31 March 2023 - £129,126,819). Please see note 1.15.

## 18. Other liabilities

| | Foundation Trust & Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| **Current** | **£000** | £000 |
| Deferred income | **2,044** | 2,840 |
| **Total** | **2,044** | 2,840 |

## 19. Borrowings

| | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| **Current** | **£000** | £000 |
| Capital loans from DHSC (formerly ITFF)* | **1,219** | 1,220 |
| Lease liabilities | **2,357** | 1,869 |
| **Total** | **3,576** | 3,089 |
| **Non-Current** | | |
| Capital loans from DHSC (formerly ITFF)* | **6,693** | 7,873 |
| Lease liabilities | **7,358** | 7,401 |
| **Total** | **14,051** | 15,274 |

| | Foundation Trust | |
|---|---|---|
| | **2023/24** | 2022/23 |
| **Current** | **£000** | £000 |
| Capital loans from DHSC (formerly ITFF)* | **1,219** | 1,220 |
| Lease liabilities | **2,357** | 1,869 |
| **Total** | **3,576** | 3,089 |
| **Non-Current** | | |
| Capital loans from DHSC (formerly ITFF)* | **6,693** | 7,873 |
| Lease liabilities | **6,470** | 7,401 |
| **Total** | **13,163** | 15,274 |

**19. Borrowings (Continued)**

*During 2012/13, the Trust signed a 10 year loan agreement for £3.4m from the Independent Trust Financing Facility (ITFF) to fund the provision of additional theatre capacity, the loan was drawn down in full during the financial year. During 2013/14, the Trust signed an additional 10 year loan for £1.5m from the ITFF to fund the replacement of an MRI Scanner. The loan was drawn down in full during the financial year. During 2014/15 the NHS foundation trust did not undertake any additional borrowing. During 2015/16 the Trust signed a 25 year loan agreement from the Department of Health for £7.5m to fund a Carbon Efficiency capital scheme and a 10 year loan agreement from the Department of Health for £1.5m to fund the purchase of a Mobile MRI Scanner, both of these loans were drawn down in full during the financial year. The NHS foundation trust did not undertake any additional borrowing during 2016/17. During 2017/18, the Trust signed two loan agreements (both with 10 year terms). Replacement of automatic endoscope reprocessors for £3.8m and a modular build endoscopy suite for £6.9m.

During the 2021/22 financial year the NHS foundation trust repaid in full three of the outstanding loans (please see below).
Additional theatre capacity loan £375k
Replacement MRI loan £166k
Replacement of Automated Endoscope Reprocessors scheme loan £2,401k

The interest rates on the NHS foundation trust's loans are:-
Additional theatre capacity loan originally £3.4m is fixed at 0.93% per annum (10 year term).
Replacement MRI loan originally £1.5m is fixed at 1.75% per annum (10 year term).
Carbon efficiency capital scheme loan originally £7.5m is fixed at 2.5% per annum (25 year term).
Mobile MRI Scanner loan originally £1.5m is fixed at 0.90% per annum (10 year term).
Replacement of Automated Endoscope Reprocessors scheme loan originally £3.8m is fixed at 0.76% per annum (10 year term).
Modular Build Endoscopy Suite loan originally £6.9m is fixed at 0.56% per annum (10 year term).
Working capital loan originally £4.9m is fixed at 1.5% per annum (3 year term - see **above).

Interest accrued is paid every six months see finance expense note 7.

There have been no defaults or breaches in relation to the DHSC (formerly ITFF) loans.

**20. Losses and special payments**

| | Foundation Trust & Group | | | |
|---|---|---|---|---|
| | **2023/24 Total number of cases** | **2023/24 Total value of cases** | 2022/23 Total number of cases | 2022/23 Total value of cases |
| | | **£000** | | £000 |
| **Losses:** | | | | |
| Bad debts private patients | **-** | **-** | - | - |
| Bad debts overseas visitors | **-** | **-** | - | - |
| Stores losses | **5** | **34** | | |
| Bad debts other | **347** | **4** | 188 | 2 |
| Total losses | **352** | **38** | 188 | 2 |
| **Special payments:** | | | | |
| Ex gratia payment loss of personal effects | **11** | **11** | 27 | 13 |
| Compensation under court order or legally binding arbitration award | **-** | **-** | - | **-** |
| Ex gratia payment personal injury with advice | **2** | **16** | 1 | 7 |
| Ex gratia payment other employment payments | **-** | **-** | - | - |
| Overtime corrective payments | **-** | **-** | - | - |
| Special severance payments | **2** | **11** | 2 | 109 |
| Ex gratia payment other | **7** | **2** | - | - |
| Total special payments | **22** | **40** | 30 | 129 |
| **Total losses and special payments** | **374** | **78** | 218 | 131 |

## 21. Third Party Assets

The NHS foundation trust held £1,000 cash at bank and in hand at 31 March 2024 which related to monies held by the NHS foundation trust on behalf of patients (31 March 2023: £0).

## 22. Contractual Capital Commitments

Commitments under capital expenditure contracts at 31 March 2024 were £496,000 (31 March 2023: £4,041,000).

## 23. Related Party Transactions

### 23.1 Transactions with key management personnel

IAS 24 requires disclosure of transactions with key management personnel during the year. Key management personnel is defined in IAS 24 as "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity". The Trust has deemed that its key management personnel are the board members (voting and non-voting directors and non-executive directors) of the NHS foundation trust.

However the DHSC GAM states the requirement in IAS 24 to disclose the compensation paid to management, expenses allowances and similar items paid in the ordinary course of an entity's operations will be satisfied with the disclosures in the Remuneration Report. There were no transactions with board members or parties related to them other than those from the ordinary course the NHS foundation trust's operations.

### 23.2 Transactions with other related parties

The Department of Health and Social Care is the parent department of Harrogate and District NHS Foundation Trust, paragraph 25 of IAS 24 allows entities which are related parties because they are under the same government control to reduce the volume of detailed disclosures.

The DHSC GAM interprets this as requiring the disclosure of the main entities within the public sector with which the NHS foundation trust has had dealings, but no information needs to be given about these transactions. These entities are listed below:-

County Durham Unitary Authority
Darlington Borough Council
Gateshead Council
Health Education England
HM Revenue & Customs
Leeds Teaching Hospitals NHS Trust
Middlesbrough Council
NHS Humber and North Yorkshire ICB
NHS West Yorkshire ICB
NHS Bradford District and Craven CCG
NHS England
NHS Leeds CCG
NHS North Yorkshire CCG
NHS Pension Scheme
NHS Property Services
NHS Resolution (formerly NHS Litigation Authority)
NHS Vale of York CCG
North Yorkshire County Council
Northumberland Unitary Authority
Stockton-on-Tees Borough Council
Sunderland City Metropolitan Borough Council
Wakefield Council
York and Scarborough Teaching Hospitals NHS Foundation Trust

**24. Financial instruments.**

Disclosure is required under International Accounting Standards of the role that financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. The Harrogate and District NHS Foundation Trust actively seeks to minimise its financial risks. In line with this policy, the Trust neither buys nor sells financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

**Interest Rate Risk**

All of the Trust's financial liabilities carry nil or fixed rates of interest. In addition, the only element of the Trust's assets that are subject to a variable rate are short term cash investments. The Trust is not, therefore, exposed to significant interest-rate risk.

**Foreign Currency Risk**

The Trust has negligible foreign currency income or expenditure.

**Credit Risk**

The Trust operates primarily within the NHS market and receives the majority of its income from other NHS organisations. There is therefore little risk that one party will fail to discharge its obligation with the other. Disputes can arise, however, around how the amounts owed are calculated, particularly due to the complex nature of the Payment by Results regime. For this reason the Trust makes a provision for irrecoverable amounts based on historic patterns and the best information available at the time the accounts are prepared. The Trust does not hold any collateral as security.

**Liquidity Risk**
The Trust's net operating costs are incurred under three year agency purchase contracts with local Clinical Commissioning Groups, which are financed from resources voted annually by Parliament. The Trust receives such contract income in accordance with Payment by Results (PBR), which is intended to match the income received in year to the activity delivered in that year by reference to the National Tariff procedure cost. The Trust received cash each month based on an annually agreed level of contract activity and there are quarterly payments made to adjust for the actual income due under PBR. This means that in periods of significant variance against contracts there can be a significant cash-flow impact. The Trust has adequate liquidity to deal with these variances.

The Trust finances it's capital expenditure from internally generated funds or funds made available from Government, in the form of additional Public Dividend Capital, under an agreed limit. In addition, the Trust has borrowed from the Department of Health Financing Facility and may also borrow commercially in order to finance capital schemes. Financing is drawn down to match the capital spend profile of the scheme concerned and the Trust is not, therefore exposed to significant liquidity risks in this area.

**24. Financial instruments (continued).**

| | Group | | Foundation Trust | |
|---|---|---|---|---|
| | **2023/24** | 2022/23 | **2023/24** | 2022/23 |
| | **£000** | £000 | **£000** | £000 |
| **Financial assets at amortised cost** | | | | |
| Loans and receivables (including cash and cash equivalents) | **33,604** | 52,495 | **31,807** | 48,656 |
| Investments | **-** | - | **1,000** | 1,000 |
| Consolidated NHS Charitable fund financial assets | **2,452** | 2,278 | **-** | - |
| | **36,056** | 54,773 | **32,807** | 49,656 |
| **Financial liabilities at amortised cost** | | | | |
| Loans and payables | **43,943** | 59,823 | **18,846** | 55,282 |
| Consolidated NHS Charitable fund financial liabiilities | **233** | 34 | **-** | - |
| | **44,176** | 59,857 | **18,846** | 55,282 |

Management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair value.

**Maturity of Financial Liabilities**
The following maturity profile of financial liabilities is based on the contractual undiscounted cash flows. This differs to the amounts recognised in the statement of financial position which are discounted to present value.

| | Group | |
|---|---|---|
| | **31 March 2024** | **31 March 2023** |
| | **£000** | **£000** |
| In one year or less | 30,213 | 45,232 |
| In more than one year but not more than five years | 9,041 | 11,524 |
| In more than five years | 5,049 | 4,167 |
| **Total** | **44,303** | **60,923** |

**25. Charitable funds reserve.**

Unrestricted income funds comprise those funds which the Trustee is free to use for any purpose in furtherance of the charitable objects. Unrestricted funds include designated funds, where the donor has made known their non binding wishes or where the Corporate Trustee, at its discretion, has created a fund for a specific purpose**.**

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor.

The charity has one permanent endowment fund. The income of the Elsie Sykes Endowment Fund can be used for medical equipment or medical research (excluding transplant or vivisection work).

| | Group | |
|---|---|---|
| | **2023/24** | 2022/23 |
| | **£000** | £000 |
| Unrestricted income funds | **354** | 504 |
| Restricted funds | **101** | 74 |
| Endowment fund | **1,764** | 1,666 |
| | **2,219** | 2,244 |

**26. Events after Reporting Period.**

No non-adjusting events that have happened after the reporting period.

**27. Ultimate parent.**

As an entity operating in the National Health Service in England, the ultimate parent holding is considered as the Department of Health and Social Care.


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